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ABSTRACT

This activity pack goes beyond exposing the low prices paid to commodity producers and explores broader structures that govern world trade and produce poverty and inequality. The pack encourages young people to look beyond the labels and consider the responsibilities consumers have toward the people who feed and clothe the world, or make the luxuries that most take for granted. Some activities in the pack introduce the issue of trade, and other activities examine different aspects of trade. The activities, games, and discussions can be addressed as described in the pack (with the help of a facilitator), or adapted to the interests or knowledge level of the students. Following an introduction and a "using-this-pack" section are these activities sections: (1) "Trade Game"; (2) "Cut-Flowers"; (3) "Flower Chains"; (4) "The World in Your Kitchen"; (5) "The World in Your Classroom"; (6) "From Start to Finish"; (7) "Nike Strike"; (8) "Industry without Chimneys"; (9) "Goan Sands"; (10) "The Road to Marrakech"; (11) "Uneven Playing Fields" (Board Game); (12) "Trade Sculpture"; (13) "Make a Difference"; (14) "Hearts and Minds"; and (15) "Xchanging Words" (Crossword). Contains a resources section that offers books for background reading, other teaching materials on the issue of trade, addresses of campaigning organizations, and Web sites that provide information and perspectives from all sides of the trade debate. (BT)

by

Chris Blythe
Dave Richards

Reading International Solidarity Centre, 1997

Dave Richards

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Exchanging the world

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introduction

Economists often explain the benefits of growth through the familiar parable of the boat, insisting that all vessels rise on a rising tide. The problem is that we are not all in the same boat. Some boats, containing perhaps four-fifths of the population in the industrialised world, around two-thirds of the populations in the more successful East Asian countries, and the richest tenth of the populations in Africa, Latin America and other parts of Asia, are floating steadily. Drinks are being served on the main deck. In the water around them, other boats, containing the majority of the world's people, are either sinking or barely afloat. Some have already sunk, with their occupants floating in the water clutching flotsam for their survival. The challenge for governments is to create a fleet capable of carrying all of the world's people on a rising tide of shared prosperity and stability into the next millennium.

Kevin Watkins, Oxfam Policy Unit

When Reading International Solidarity Centre (RISC) first moved to Reading in 1987, we consciously chose a shop site close to the town centre. This allowed us to open a Fair Trade shop, and provided a base for the education work Development Education Centres usually concentrate on. We felt that a shop would attract people who would not otherwise be exposed to issues of global inequality. The ornament made from a recycled spark plug and organic rice produced by a co-operative in the Philippines are hooks to raise awareness among consumers and promote change. The *XChanging the World* pack and exhibition are tools to help this process.

We wanted to produce a package which went beyond exposing the low prices paid to commodity producers, to explore the broader structures which govern world trade and produce poverty and inequality. As we ploughed through countless books and attempted to get to grips with TRIPS, ESAP and the *maquiladora* zone, we began to suffer from serious information overload. This was accompanied by a sense of foreboding. How were we going to break down the immense complexity of the world trading system into digestible, bite-sized chunks? How were we going to overcome the widespread phobia towards anything relating to economics?

Some elements in the jigsaw fell into place relatively easily. The link between a young Indonesian woman working for 10p an hour and the Nike Air trainers we buy in the High Street is reasonably straightforward to unpick. A role play can easily bring out the issues of workers' rights, environmental standards and the power wielded by Trans-National Corporations (TNCs). It is also fairly straightforward to show that developing charter tourism in Goa throws up similar dilemmas to improving leisure facilities in Snowdonia.

But, how can you bring out the links between the 1973 Arab-Israeli war, the election of Ronald Reagan, the International Monetary Fund (IMF) and open cast mining in the Philippines, using inter-active methods? Well, we tried and you can judge our efforts if you are brave enough to run *The road to Marrakech* activity!

What is striking about the process of globalisation and trade liberalisation that has overtaken the world in the last 20 years, is that it breaks down many of the barriers between South and North. The impact of monetarism has been felt by maize farmers in Mexico and miners in Britain alike – unemployment, cuts in government spending and increased job insecurity are experiences held in common.

In India, as well as Europe, the number of billionaires is increasing and share prices continue to climb. All governments are constrained by the fickle demands of the international currency markets which can destroy economic plans overnight. No country is immune from the effects of globalisation and the power of TNCs. Levi-Strauss, Nestlé, Sony and Coca Cola have colonised the world!

However, it is important to remember that the system can be challenged. In India, mass protests prevented US agribusiness giant, Cargill, from building facilities to produce salt for export. The World Bank (WB) withdrew funding for the Arun III hydro-electric project because of criticism from Nepali Non-Governmental Organisations, and their international supporters, of its impact on indigenous people and the environment.

In Britain, the McLibel Two created a public relations nightmare for McDonald's. When the US conglomerate sued two social activists for a leaflet criticising the fast-food business, they did not anticipate the longest libel case in English history, and costs of over £10m. By raising issues ranging from deforestation to produce cheap beef to the effects on children of McDonald's all-pervasive £1.8bn a year advertising, the case has put all TNCs on trial. Resistance can bear fruit.

We hope that this pack will encourage people to look behind the labels, and consider the responsibilities consumers have towards the people who feed and cloth us, or make the luxuries which we take for granted. People can make a difference. By changing our consumption patterns and putting pressure on governments, TNCs, IMF-WB and High Street stores to change their policies, we can create a more just world. If we do not, we are all in serious trouble as our planet refuses to take more abuse and humans fight over scarce resources.

Chris Blythe & Dave Richards

Illustration: Elijah Njoroge (Kenya)



using this pack

This pack is a bit like a cook book with recipes for starters, main course and dessert. The facilitator needs to select the dishes which make a meal to suit the tastes of the group and time available.

aperitif

If you only want to run one session we recommend *Cut-flowers* or *Nike strike*.

starters

We suggest you begin with an activity which introduces the issue of trade.

- ◀ *Trade game* is a quick quiz which begins discussion on consumption, wealth and inequality.
- ◀ *The world in your kitchen* and *The world in your classroom* show how dependent we are on producers around the world for things we take for granted.
- ◀ *Cut-flowers* is also a lively way of raising the issues.

main course

Clusters of activities examine different aspects of trade.

- ◀ *Cut-flowers* and *Flower chains* use the example of cut-flowers to draw out the difficulties faced by producers of primary commodities.
- ◀ *From start to finish* introduces the concept of auditing the environmental, social and economic impact of manufacturing.
- ◀ *Nike strike* is a role play which illustrates how TNCs are moving their production to take advantage of low wages and environmental standards.
- ◀ *Industry without smokestacks* uses the case study of beach tourism in Goa to assess the pros and cons of developing a service industry. These conclusions are then applied in *Goan sands*, a decision making activity to devise a Tourism Master Plan.
- ◀ *The road to Marrakech* summarises major developments in world trade since WW2. It provides basic information about key institutions such as the World Bank and explains how the 'debt crisis' creates poverty. Participants use the materials to produce an educational exhibition.
- ◀ *Uneven playing fields* is Snakes & Ladders-style board game which reinforces some of the issues raised in previous sessions. It shows how difficult it is for countries to succeed at the global trade game and the structural barriers to sustainable, long term prosperity. It requires a relatively well-informed and motivated group to run effectively, and is ideal for campaign groups or bright A level students.

dessert

It is important that participants do not complete the activities with a feeling of helpless gloom. Resistance to the forces which create inequality and poverty range from armed uprisings in Mexico to successful High Court actions against the British government. There are several activities which show how the present system can be changed.

- ◀ *Trade sculpture* is a fun way to reinforce concepts of power and is good preparation for *Make a difference*, where participants design awareness-raising materials. This links with *Hearts and minds*, which looks at campaign materials produced by agencies such as Oxfam and the Fairtrade Foundation.

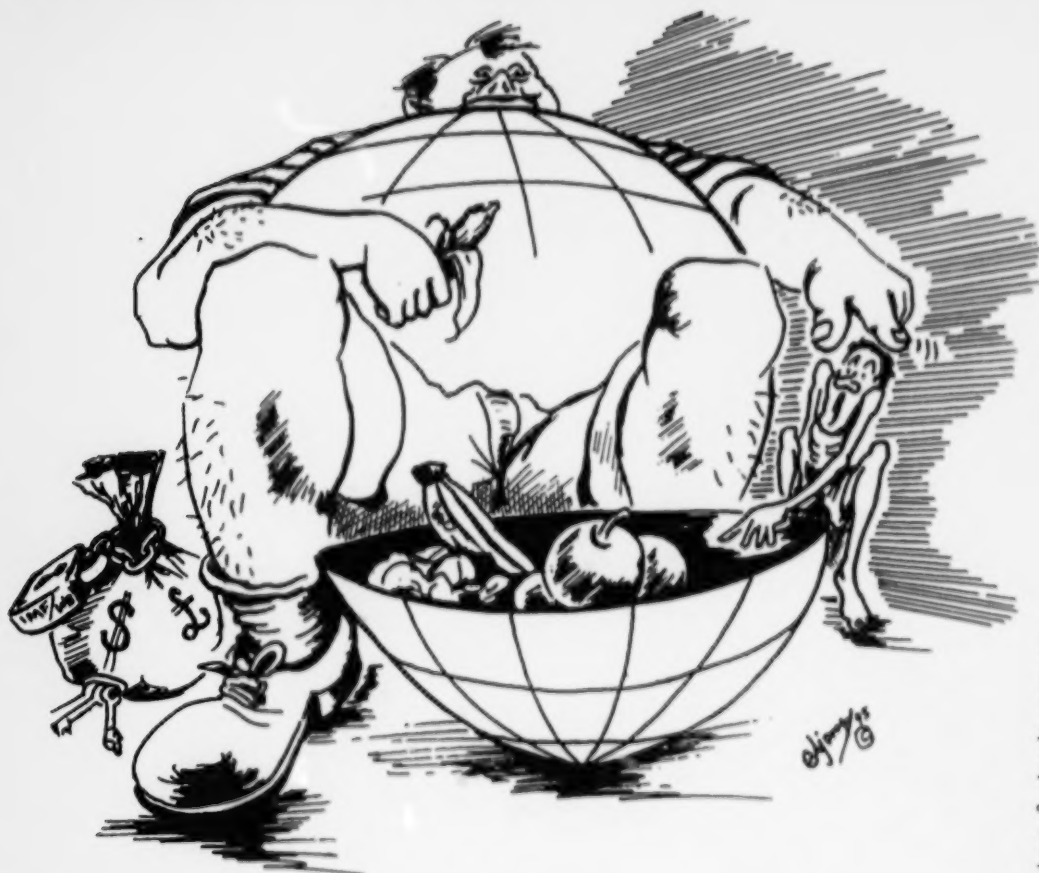


Illustration: Elijah Njoroge (Kenya)

coffee & chocolates

- ◀ *Xchanging words* is a crossword with a difference. Participants have the answers and have to think of clues. It is one way of evaluating how far participants have absorbed the issues and provides an opportunity to shed light on the more complicated aspects of trade.

doggy bag

- ◀ *Resources* provides a list of books for background reading, other teaching materials on the issue of trade, addresses of campaigning organisations and websites which provide information and perspectives from all sides of the trade debate.

discussion points

In discussion it is important to draw parallels between the economic, social and political forces that operate in Britain and the South. The 'neo-liberal', monetarist ideology which underlies the Structural Adjustment Programmes inflicted on indebted countries in the South is also the driving force behind economic policies pursued by governments in the North.

The activities can be run as described in the pack or adapted to the interests or knowledge of the group.

postscript

Much of this material will need to be prepared (photocopied and cut up) before sessions begin. You may need to ask participants to bring materials for the session.

In describing materials you need, we assume that flip chart paper, marker pens, Blu-tac, pens and paper are available.

trade game 20-30min

aims

- To introduce themes in the pack in a fun way.
- To help facilitator assess what participants already know, and generate general discussion on trade issues.

what you need

Photocopies of Actionpages: *Trade game* and *Trade game: answers*.

what you do

- ◀ Hand out Actionpage: *Trade game*. Emphasise that this is **not** a test with marks – just a different way to learn new information. Participants work alone or in pairs.
- ◀ Distribute Actionpage: *Trade game: answers*. Go through the answers. Pairs pick out one answer that surprised them.

whole group discussion

- Which answers surprised you? Why?
- What issues were raised by the quiz?
- What is meant by the terms 'North' and 'South'? Why?
- What is trade? How does it affect our day-to-day lives?
- Who benefits from world trade? Does anyone lose out?

key ideas

- Today, no country is self-sufficient and without trade many things we take for granted would disappear from our supermarket shelves or be unaffordable.
- 'North' and 'South' are terms used to distinguish rich, industrialised countries from poorer countries (also known as 'Third World', 'under-developed' or 'developing' – terms we prefer not to use because of the inference of inferiority).
- Many of the products we use are made in or use raw materials originating in the South.
- The North derives greatest benefits from trade with the South – as consumers we have access to cheap food all-year-round, cheap shoes or jeans and 'exotic' holidays. Big business makes massive profits from processing raw materials from the South or using their cheap labour.
- As consumers we spend large amounts of money. We can use that spending power to influence big business to change their practices to ensure that poor people in the South get a fairer deal.



trade game

How does trade affect our lives? Check these questions to find out how much you know. Circle the right answer. If you're not sure, guess!

NB £1 = US\$1.60; 1 billion (bn) = 1,000,000,000

- 1 How much will the average person in Britain spend in supermarkets in their lifetime?
£30,000 £60,000 £90,000
- 2 Where are most of the sports shoes we wear manufactured?
US SE Asia Britain
- 3 How much was Michael Jordan paid for his endorsement of Nike?
\$10m \$20m \$30m
- 4 How much is the turnover of the world tourism industry?
\$340bn \$440bn \$540bn
- 5 How much do we in Britain spend on food shopping per year?
£11bn £23bn £43bn
- 6 How much chocolate does the average Briton consume each year?
8kg 11kg 15kg
- 7 How much from a £1 bar of chocolate goes to a cocoa farmer in Ghana?
8p 15p 28p
- 8 The top ten British supermarkets turnover £57bn a year. This is equivalent to the export earnings of the ___ poorest countries in the South?
4 15 35
- 9 What percentage of the world trade in grains (wheat, maize, barley) is controlled by the US Trans-National Corporation (TNC), Cargill Inc?
45% 60% 75%
- 10 What is the value of the global trade in illegal drugs?
\$200bn \$300bn \$400bn
- 11 Which country has the world's largest debt?
Brazil US Mexico
- 12 Where does the world's wealthiest person comes from?
Switzerland US Brunei
- 13 How much is traded on the international currency markets every day?
\$500bn \$1000bn \$1500bn
- 14 What is the value of the global arms trade?
\$22bn \$32bn \$42bn

trade game: answers

- 1 The average British consumer will spend **£90,000** in supermarkets during their lifetime, at current prices. Today's average 17 year old will spend £1m in their lifetime – holidays, pensions, mortgages, cars etc!
- 2 99% of sports shoes, including brand names such as Nike and Reebok, are manufactured in **SE Asia** – mainly in Thailand, Indonesia and China. This is because labour costs are much lower. A worker in a factory in the US is paid \$7.40/hour while their counterpart in China earns \$0.10/hour!
- 3 Promotion is a key element in the competitive market for designer sports wear. In 1994 Nike spent \$300m on global advertising, including £16m in Britain. Michael Jordan was paid **\$20m** for his endorsement of Nike shoes – the equivalent of the labour costs of 19m pairs! Nike's annual profits in 1994 were \$299m, from a turnover of \$3.8bn!
- 4 According to the World Tourism Organisation, the annual turnover of the international tourism industry was **\$340bn** in 1994. By 2000 it will probably be the largest global industry, dominated by a few Trans-National Corporations (TNCs). 80% of all international travellers come from 20 countries – 57% from Europe, 16% from N America.
- 5 According to the Institute of Grocery Retailing, in 1996 we spent **£43bn** on food in Britain during 1996. The average household spends over £50 a week. This is about 12% of total consumer expenditure, and 85% of this is spent in supermarkets. In 1994 27% of food and drink imports came from the South. This figure is steadily increasing as supermarkets try to secure a constant supply of fruit and vegetables, whatever the season. In 1994 84% of Britain's fresh fruit was imported.
- 6 The average Briton consumes **8kg** of chocolate per year. That's 500,000 tonnes altogether! Together, we spend £3bn a year on cocoa confectionery, making us the world's third largest consumers of cocoa products after the US and Germany.
- 7 A cocoa farmer in Ghana gets only **8p** from a £1 bar of chocolate. Another 7p goes towards transport, marketing and tax in Ghana. In Britain, 14p pays for shipping, processing and other ingredients, 28p goes to the manufacturer, 28p to the retailer and 15p to the government in the form of VAT. Ghana is the world's third largest producer of cocoa beans (after Ivory Coast and Brazil), with 12% of world production. Most is grown by small-scale farmers. Cocoa is Ghana's biggest export, accounting for 39% of its export earnings. It could increase its income by processing beans into higher-value cocoa products, but European countries discourage competition by imposing high import duties (tariffs) on cocoa butter (12%) or powder (16%), but much lower duties on unprocessed cocoa beans (3%). Nestlé buys 10% of world production.
- 8 Sainsbury (includes Savacentre & Homebase), Tesco, Marks & Spencer, Argyll (Safeway & Presto), Asda (includes Dales), Kwik Save, Somerfield (includes Food Giant & Gateway), Co-op, Morrisons and Iceland turned over £57bn (£3.5bn profit) in 1996. This is equivalent to the export earnings of the world's **35** poorest countries.
- 9 Cargill supplies over **60%** of the world cereal market. It is the largest private company in the US, with global sales of \$48bn in 1994. It employs 70,000 people worldwide in 800 locations in 60 countries and more than 50 lines of business. Its interests range from orange juice and malting barley, to turkeys and phosphate fertilisers. TNCs are the major players in world trade. They possess and control manufacturing or services outside the country where they were established – they may operate in dozens of countries but are controlled from their home headquarters. According to Fortune magazine, in 1994 92 of the 100 biggest TNCs were based in the North, with global sales of \$4800bn a year. TNCs control over 90% of the cotton, tea and tobacco trade, and 60% of the coffee trade, the main agricultural exports of the South.

- 10** In 1996 the United Nations Drug Control Programme guesstimated that the trade in illegal drugs was worth **\$400bn** – 8% of international trade! Although most is grown in the South, the trade mirrors the pattern of other commodities. Peasant farmers are forced to cultivate coca, opium poppies and marijuana because of increased rural poverty brought about by civil war, cuts in government spending due to the 'Debt Crisis', and low prices for traditional cash crops (eg maize, coffee). The coca bush is well suited to the Andes, with Peru producing 60% of the leaves processed in cocaine for the international market, Bolivia 30%, Colombia 8%. Opium production is concentrated in two areas – the Golden Triangle including parts of Burma, Laos and Thailand, and the Golden Crescent covering northern Afghanistan and Pakistan, and Iran.
- 11** The **US** has the world's largest debt, estimated to be \$3,000bn in 1992. Some of this is owed to foreign investors, and the rest to Americans who have bought government securities. This compares with the South's total debt of \$1,900bn (1994). In 1994 Brazil owed \$151bn and Mexico \$128bn. The sheer size of the US economy and its political power means it is free of the controls that the International Monetary Fund (IMF) imposes on the South. Although the US government is aiming to run a balanced budget and has cut its spending, its policies will continue to distort the global financial system.
- 12** According to the Sunday Times 1997 Rich List the world's richest person is The Sultan of **Brunei** whose £30bn fortune is based on oil revenues. This compares with the Philippines' £25bn debt and £8.3bn export earnings (1994)! He is followed by: John Walton & family (US: £14.75bn, retailing); Bill Gates (US: £11.56bn, computer software); King Fahd (Saudi Arabia: £10bn, oil); Warren Buffett (US: £9.37bn, investments); Paul Sacher & Hoffman family (Switzerland: £8.18bn, pharmaceuticals); Peter Haas & family (US: £8bn, jeans); Lee Shau Kee (Hong Kong: £7.93bn, property); Forrest Mars & family (US: £7.5bn, confectionery); Pierre du Pont & family (US: £7.22bn, chemicals). In comparison Britain's richest people are: Joseph Lewis (£3bn, finance); Hans Rausing (£2.95bn, food packaging); David Sainsbury & family (£2.5bn, retailing); Garfield Weston & family (£2.5bn, food production); Richard Branson (£1.7bn, airline/retailing/entertainment); Sir Adrian & John Swire (£1.7bn, shipping/aviation); Duke of Westminster (£1.7bn, landowner); Lakshmi & Usha Mittal (£1.5bn, steel); Joe & Sir Anthony Bamford (£1.2bn, JCB construction equipment); Viscount Rothermere (£1.2bn, newspapers). These figures illustrate the enormous wealth owned by a few individuals and the growing importance of service industries.
- 13** An estimated **\$1,500bn** changes hands every day on the international currency markets – 20-30 times what is required for trade in real goods. Traders take advantage of instantaneous communications through computers, and minute differences in prices between markets to make profits on deals worth billions. All governments need to tailor their economic policies to suit these speculators whose only motivation is profit. Central banks compete with each other to increase interest rates to prevent the outflow of capital. Most capital flow is merely speculative with little concern for long-term political, economic, social or environmental sustainability. Savings, prices, currencies and the wealth of the world's peoples are manipulated in favour of a privileged few who hide their profits in tax havens protected by banking secrecy.
- 14** According to the US Arms Control & Disarmament Agency, the value of the global arms trade was **\$22bn** in 1993, 78% destined for countries in the South. This ignores illegal trade, which may be worth up to \$10bn. The US is the world's leading arms supplier (47%), followed by Britain and Russia. In 1994 Britain exported arms worth \$4.4bn. The cost of a single Hawk aircraft would provide 1.5m people with clean water for life.

Further information on the web

Christian Aid: http://www.oneworld.org/christian_aid
 Fairtrade Foundation: <http://www.gn.apc.org/fairtrade>
 Sunday Times Rich List: <http://www.sunday-times.co.uk>
 Multinational Monitor: <http://www.essential.org/monitor/monitor.html>

cut-flowers 60-90min

aims

- To illustrate the lack of power of commodity producers in the South.
- To show how countries in the North control the market for many products we consume.

what you need

Large room with five work surfaces, place two tables near the facilitator's table, and three further away; calculator; photocopied money (for a group of 30 – 50 x \$5, \$10, \$25, \$50, \$100; 20 x \$250, \$500); photocopy flower templates onto card and cut out – see below for quantities; five large envelopes labelled A-E containing:

- A** 1 rose/lily/carnation templates, 4 scissors, 6 sheets yellow, 2 red
- B** 1 carnation/2 rose templates, 2 scissors, 8 sheets yellow
- C** 2 carnation/1 rose templates, 2 scissors, 6 sheets yellow
- D** 1 carnation/1 rose templates, 1 scissors, 3 sheets yellow, 2 sheets red
- E** 1 rose template, 1 scissors, 4 yellow

The facilitator needs a copy of each template to check the flowers.

what you do

- ◀ Divide the participants into five groups, each gathered around a table; give out the envelopes so that Groups A and B are closest to the facilitator.
- ◀ Explain that the facilitator is the world flower buyer, based in Holland, who sets the price of flowers, that groups are producing countries, and they use templates to cut out flowers which they sell to the buyer. The aim is for countries to make as much money as possible. Flowers must be of high standard. It is not necessary to elaborate on the game – inequality, frustration and confusion are essential elements!
- ◀ Display starting prices for flowers on flip chart: lily \$25, rose \$10, carnation \$5.
- ◀ The game gets very hectic, with queues of people selling flowers. Add new elements to the game to simulate changes in market forces:
 - monitor production and change prices according to availability (supply & demand)
 - discreetly tell Groups A and B of some price changes coming up (some countries have access to market information and can alter production accordingly)
 - increase price of red flowers (changes in fashion)
 - use festivals to increase prices for a short time – price of roses increasing for 5 minutes because of Valentine's Day (seasonal changes)
 - check flowers against facilitator's template and reject ones that are poorly made (European market demands high quality)
 - if Groups D and E are getting frustrated give aid in the form of higher prices or extra materials (aid/preferential tariffs)
 - reduce the price they are paid (new import tax on some countries; increase in transport or fertiliser/pesticide costs; glut because new producer enters market)
 - sell extra paper, scissors and templates at a high price (start with \$200) to any country (price of inputs controlled by North).
- ◀ Give a five minute warning for the close of trading.
- ◀ Ask countries to add up their money, and write on flip chart.

whole group discussion

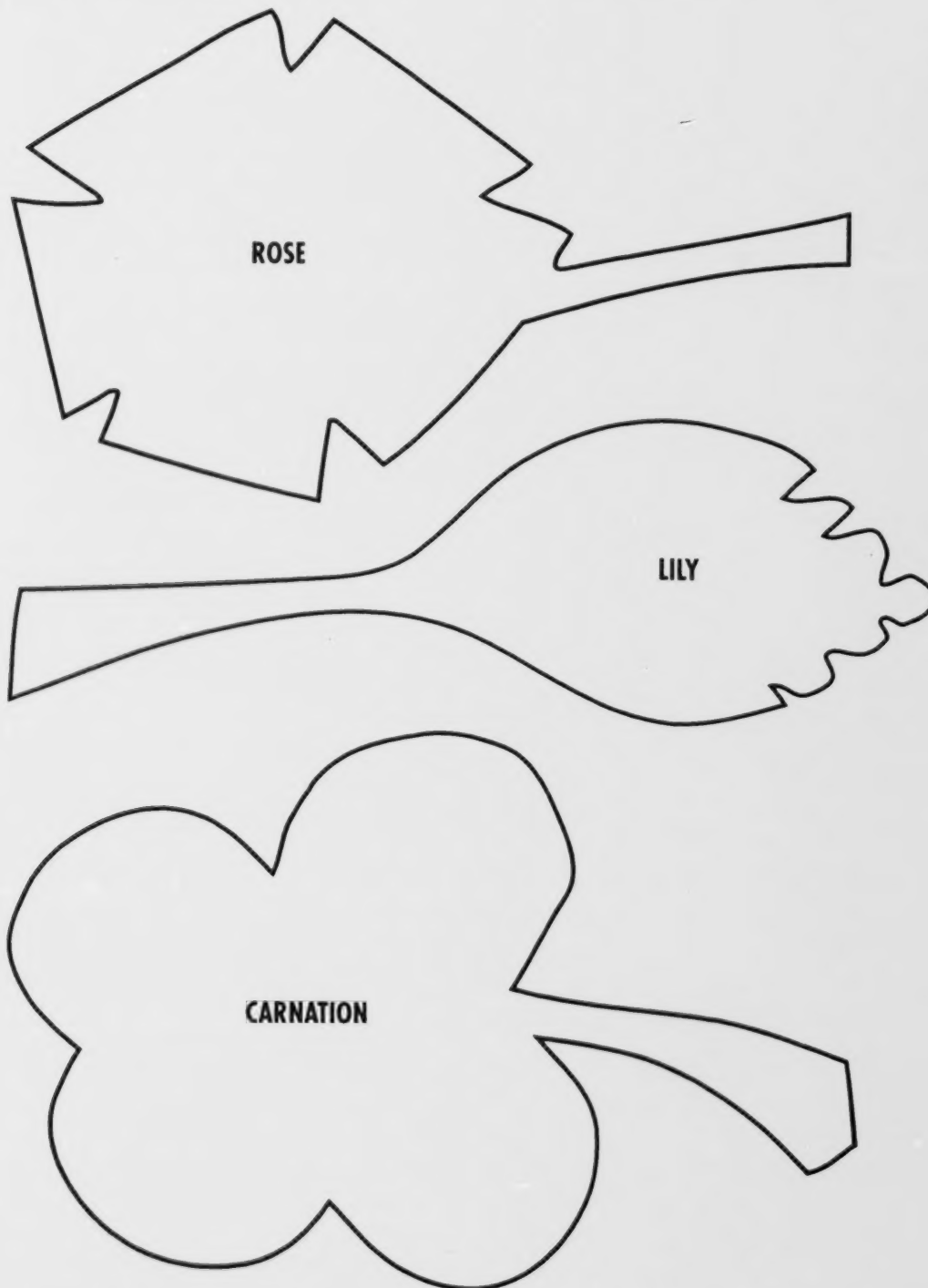
- ◀ Make the connection between elements in the game and market forces.
 - How did participants feel during the game?
 - Which countries made most/least money?
 - What were the factors which determined success? Write on flip chart.
 - Describe the trading system? How could the power relationship be changed?
 - What other commodities are produced in the South?

key ideas

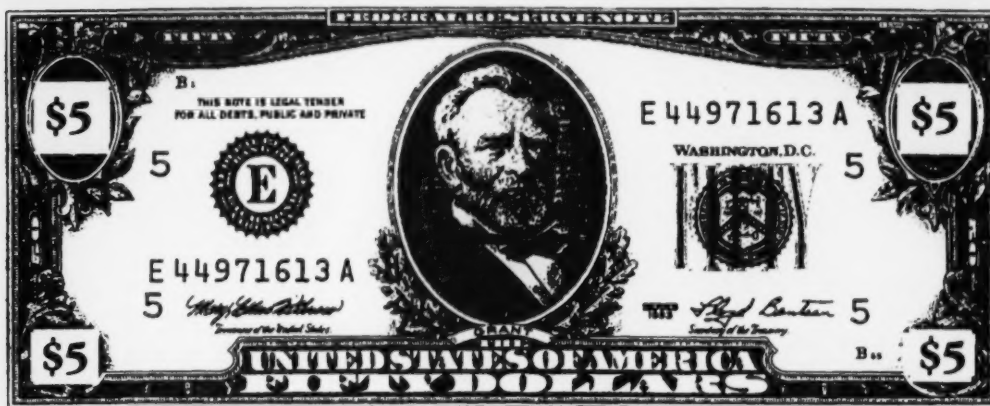
- The world trade system is dominated by rich countries in the North which have the political and economic power to control prices of many commodities produced in the South. They also manufacture goods needed by producers (eg fertilisers, machinery).
- Countries in the South have little influence over market forces (refer to elements introduced in the game).

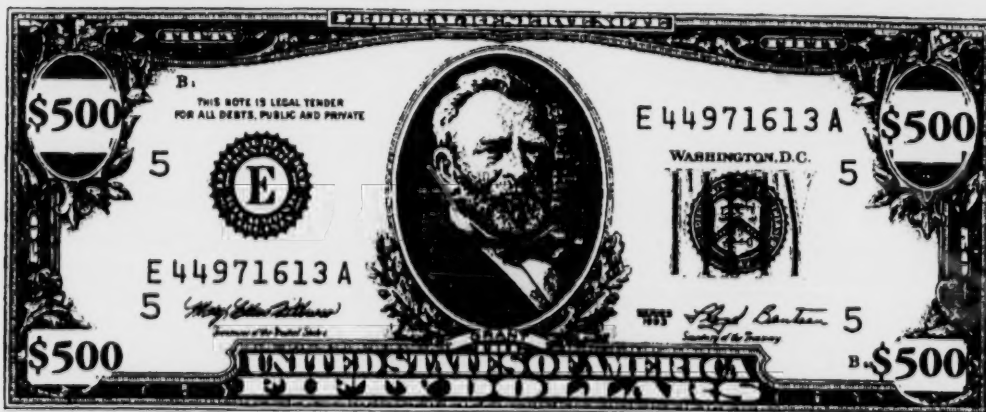
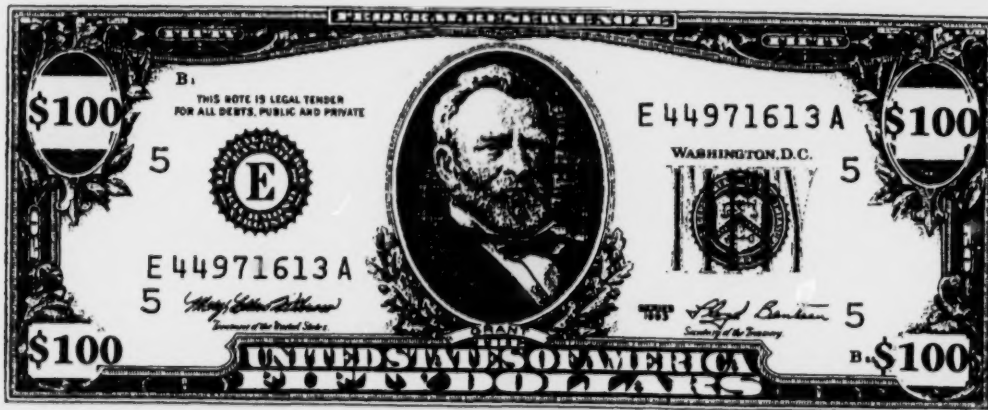
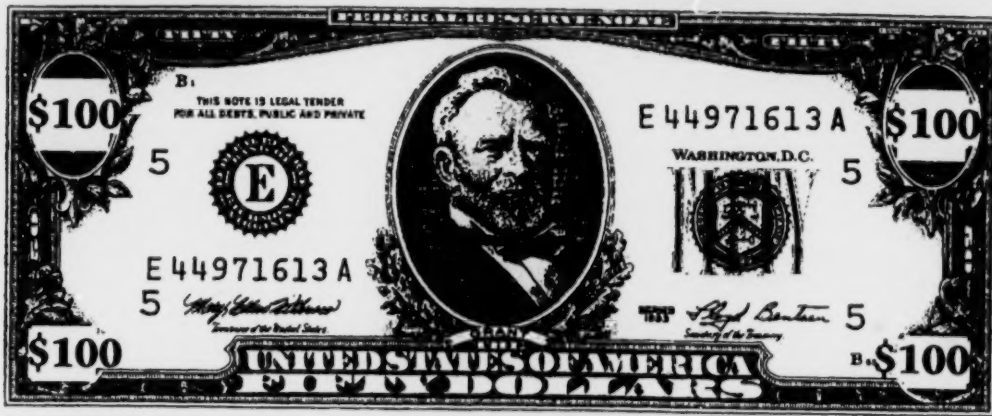
follow-up

- *Flower chains game*, p13, illustrates the unfair distribution of income from the international flower trade.



▼ actionpage ▲





flower chains 45min

aim

- To show that the money we pay for a product is not fairly shared among those people involved in bringing it to us.

what you need

Bunch of flowers (optional!); copy of grid, without figures in the 'Actual proportion' column, drawn onto a flip chart; copies of Role Cards.

	initial proportion	negotiated proportion	actual proportion
workers			1p
growers			14p
importers			50p
auction wholesaler			35p
retailer			£1

what you do

- Brainstorm: 25% of world's cut-flowers are produced in the South. Who are the different groups of people involved in getting a flower to you? Write on flip chart in form of a chain and add any missing (eg workers, growers, importers, auction wholesalers, retailers, consumers).
- Divide participants into 6 groups which represent links in the chain and give out Role Cards.
- Ask one person from each group to read their Role Card to the whole group. Give each group five minutes to think about their role. How do they feel about it? What sort of problems might they face? What strengths/weaknesses do they have in the market for cut-flowers?
- Explain that the flowers sell for £2 a bunch in Britain. Each group has to decide how much of the selling price they should get (the 'Consumers' group has a slightly different role). This should not be a discussion about how much the players think people do get, but rather how much is due to them for the work that they do, and the risks they take.
- Ask each group to tell the others how much they think they should get. Record in the 'Initial Proportion' column. The 'Consumers' group asks questions to make each group justify their claim.
- Add up the total (it's likely to be much more than £2!).
- Ask whole group to negotiate distribution of income, with the 'Consumers' group acting as mediators. Record in 'Negotiated proportion'.
- Write in the 'Actual proportion' figure.

whole group discussion

- ◀ It is important to leave enough time for players to discuss the game that they have just played because it is likely to raise powerful feelings. Players need a chance to reflect on what happened and how they feel about it.
- ◀ While they are still in role ask each group in turn.
 - What happened from your perspective? Why?
 - What could improve your situation?
 - How do other groups feel about this?
- ◀ Bring the players out of role and broaden the discussion.
 - Were you surprised by the figures for the actual proportion?
 - Who benefits most/least from the cut flower trade?
 - Who has the greatest power? Where does it come from?
 - Was the distribution of the income fair? How could a fairer distribution be decided in the real world?
 - How could workers and farm owners in the South get higher prices?
 - Whose responsibility is it to monitor environmental damage and health hazards?
 - How can they be eliminated?
 - What is the role of the consumer? Would you be prepared to pay more for your flowers (or other produce from the South) if you knew workers and farmers got a price that would enable them to meet their basic needs?

key ideas

- Many products in our shops are made from raw materials imported from the South.
- Producers in the South take the greatest financial risks, but get relatively low returns. They are continually being squeezed by increased competition.
- Many farm workers do not earn enough to meet their basic needs of food, shelter, clothes, medicine and schooling.
- Intensive agriculture has a destructive environmental impact because of heavy applications of agrochemicals and soil erosion.

follow-up

- Draw up guidelines for a Fair Trade flower. How can the principles be enforced?
- Design a poster or leaflet to campaign for a Fair Trade flower (see *Make a difference*, p75).



Ester Karwirwa, worker at Karen Roses, Nairobi, Kenya

flower chains - role cards

workers

- ▶ You are a group of farm labourers working on a cut-flower farm in Colombia. You have heard that Colombia earned \$350m from cut-flowers in 1994, but you see little benefit from this income.
- ▶ Most of you are women and some are as young as 12 years old.
- ▶ Your 12-hour day includes spraying pesticides and fertilisers, weeding, pruning, picking, grading and packing.
- ▶ You know most of the flowers are exported to rich countries.
- ▶ Children are employed because they can work fast and have small fingers, but they miss out on the chance to go to school.
- ▶ Many of you suffer from chemical-related illness as you do not have good protective clothing. Some of you have asthma, miscarriages, nausea and other illnesses because of pesticide sprays. The farm has no medical facilities and it is expensive to see a doctor.
- ▶ You are poorly paid: adults on the minimum wage (120,000 pesos, around £75 a month); children receive half this amount. This is barely enough to survive – your diet is poor and you cannot afford new clothes or schooling for your children.
- ▶ You have tried to get better pay and working conditions but the farm owners have threatened to sack anyone involved in trade unions.
- ▶ Unemployment is high and you cannot find other work.

growers

- ▶ You are a group of people who own flower farms in Colombia.
- ▶ You have very high running costs, including expensive pesticides, fertilisers, polythene greenhouses and refrigeration equipment which are imported from the US and Europe. You have to use many imported chemicals because the auction wholesalers demand high quality blooms. If they find pests among the flowers they will destroy the whole consignment without compensation.
- ▶ Plant stock is also imported from Europe, Israel and the US. Plants have to be replaced every few years to maintain quality.
- ▶ The flowers need a lot of labour – spraying, weeding, pruning, picking, grading and packing. You mainly employ women and children because they are cheaper and easier to control. You bring in seasonal workers when necessary.
- ▶ Your government imposes high taxes on imported goods which also increases your costs. You are lobbying ministers to get these reduced because the cut flower industry earns valuable foreign exchange for the country.
- ▶ You are under pressure from environmentalists because of pollution from pesticides and use of scarce water supplies.
- ▶ You have to pay high transport costs to take your flowers to the international airport in Bogota, where they are air-freighted to the auction floors in Holland. It is often difficult to get to airports on time to meet airline schedules because of poor local roads. Flowers are fragile and easily damaged.
- ▶ Up to half the wholesale price you get pays for transport. If your shipments are late the flowers will deteriorate and will not fetch good prices. The auction wholesalers take a commission for handling your flowers. You only get paid if the flowers sell. Unsold flowers are left to rot!
- ▶ The flower trade is quite volatile. Fashions for different types and colours of flowers can change at short notice. You can pay consultants from the North to advise you about likely market trends.
- ▶ Flower farming is a rapidly growing industry with more and more farms springing up around the world. This competition is forcing down the prices you receive from the wholesalers in Europe. The easiest way to reduce your costs is to lower wages.

importers

- ▶ You transport cut-flowers from Colombia to Europe. Your responsibility is to ensure the safe and efficient collection of flowers from Bogota airport, and their arrival at auction rooms in Holland.
- ▶ Your costs are high because flowers are expensive to ship because they are light-weight but bulky and must be stored in refrigerated containers, which adds to your expenses.
- ▶ You also have to pay a large number of tariffs and customs charges which increase your costs. Out of a shipment of flowers worth £1800, £1400 is spent on these costs.

auction wholesalers

- ▶ You are a group of Europeans who sell cut-flowers for farmers around the world.
- ▶ Some of you work in Amsterdam, the international centre for the cut-flower trade, where 1.7m flowers are auctioned each day. On behalf of farmers, you auction flowers to smaller wholesalers all over the world and take a commission.
- ▶ You ensure flowers are good enough quality for the retailers. You reject flowers which have been damaged by insects. Bruised or less fresh flowers sell for lower prices.
- ▶ Prices vary according to supply and demand. Farms in the South tend to produce 'mass flowers' which are always in demand, but never reach high prices (eg roses, carnations). The farmer only gets paid if flowers are sold at auction – unsold flowers are left to rot.

retailers

- ▶ You are High-Street florists from Europe.
- ▶ You buy flowers from wholesalers. Your costs include rent for a shop, wages and heating. You provide other services such as home delivery and custom bouquets.
- ▶ You must judge your buying carefully. Wilted flowers do not sell! There are seasonal peaks to your business (eg Mother's/Valentine's Day).
- ▶ You are in direct competition with other florists, including large supermarkets who buy direct from farmers and can spread their overhead costs.
- ▶ You are worried that the intensive farming of flowers, may affect you health. You know that large amounts of chemicals are sprayed on flowers and are concerned that you might be affected by them when you handle flowers.

consumers

- ▶ You are a group of people worried about the unfairness of the international trade in cut-flowers. Workers and farm owners in the South take the greatest risks, but benefit the least from the money paid by consumers in the North, and have little power.
- ▶ You know that many people working on flower farms are paid low wages and often work in appalling conditions. They may have to handle toxic fertilisers and pesticides without proper protective clothing.
- ▶ Some chemicals have been banned in Europe because of the effect they have on health (eg miscarriages, nausea, chest infections). You are also concerned that scarce local water supplies are being diverted to flower farms and poisoned by chemicals. Poisonous residues may remain on flowers that reach florists shops in Europe.
- ▶ Farm owners prefer to employ women because they are easier to control. Workers who try to organise themselves into trades unions to get higher wages and better working conditions are often immediately sacked. Child labour is also used at peak seasons.
- ▶ Farm owners often provide no medical facilities or education for workers' children.
- ▶ You want to ensure that workers earn enough to meet their basic needs – food, shelter, medicine, schooling, and that their working conditions are safe. You also want to limit the environmental damage caused by the industry.

question

What can you do to change the trade?

blooming hell the international cut flower trade

Many countries in the South owe large amounts of money to banks in the the North. To encourage debt repayments, the World Bank (WB) and International Monetary Fund (IMF) force indebted countries to export more. This brings in 'hard currency' (\$, £, ¥, DM) which can be used to pay back debts. Many countries in the South rely on a few commodities for most of their export earnings (eg tea, coffee, cocoa and cotton). As many countries are encouraged to export, there is over-production and world prices fall. They have to sell more of their crops to make the same profits.

new crops

Many countries are trying to broaden the range of cash crops they export. Evidence of this is out-of-season vegetables on your supermarket shelf (eg baby corn, mangetout peas). One of the fastest growing newcomers is cut-flowers. 25% of the world's cut-flowers come from the South, with Colombia, Kenya, Turkey and Zimbabwe as key players. In the late 1980s and early 1990s, flowers brought high returns for the small number of flower farmers, with the industry generating £3.1bn each year. More flower farms are being set up to cash in on the boom, but recent years have seen production outstripping demand, and prices for flowers are falling. India is building up its flower exports and will become a massive producer, threatening the livelihoods of other farmers in the South.

With profits falling many farmers struggle to make ends meet. The flower industry is dominated by Trans-National Corporations (TNCs) based in the North. Some own flower farms (eg Brooke Bond in Kenya). Others provide the costly polythene greenhouses or chemical fertilisers and pesticides essential for this type of capital-intensive agriculture. Farmers cannot grow from seed, but rely on imported root stock from Holland, Israel and S Africa to produce the uniform blooms required by the Northern market. Half the cost of new plants covers royalties on patents owned by biotechnology companies in the North. Farmers in the South also rely on expensive consultants who advise on changing fashions in the market place. Some farmers sell direct to supermarkets, but most still sell through importers or auction wholesalers who charge a 8-10% commission for handling the business. The most important auctions are in Holland which deals with 50% of the world trade in cut-flowers.

skin infection and poisoned water

The social and environmental costs of the cut-flower industry is paid by communities in the South. The small profits many flower farmers make are reflected in the low wages and poor conditions workers endure. Many flower workers do not earn enough to meet their basic needs of food, shelter, medicine and education. Their health is affected by the toxic chemicals used in the greenhouses. Some pesticides are banned in the North, yet protective clothing is often minimal or difficult to work in because of the heat. Workers may not be able to read the safety instructions. Asthma, nausea, headaches and even miscarriages are common. There is evidence that chemical residues are causing swollen hands for florists and consumers in the North.

Intensive farming also takes a heavy toll on the environment. Water supplies are reduced by irrigation, and soil and water sources are contaminated by leached chemicals, altering eco-systems and affecting the long-term health of local people. Often the best agricultural land is used to produce flowers for export rather than food for local people.

action for change

Consumer groups in the North are campaigning for a Fair Trade label for cut-flowers which guarantees that they are environment friendly, workers enjoy reasonable pay and conditions and child labour has not been used. Some farms have high standards and still make a profit, so there should be no reason why others cannot follow suit.

the world in your kitchen 30min

We suggest you run either this activity or *The world in your classroom*.

aims

- To show our dependence on imported products in our everyday lives.
- To show that many raw materials are produced in the South, while manufacturing is dominated by the US, Europe, Japan and a few Newly Industrialising Countries (NICs).

what you need

Actionpages: *The world in your kitchen* and *World outline map*; follow-up activity sheets if required; selection of food labels and packaging with information about ingredients and countries of origin (collected by facilitator and/or participants); Geographical Digest if possible.

what you do

- ◀ Divide group into pairs and distribute Actionpage and labels.
- ◀ Explain that pairs will list all the raw materials used in their product, including any packaging, and display the information on a map. Some information will be on the label, the rest they will have to guess. Use one product as an example.

whole group discussion

- ◀ Pairs report back.
- What pattern emerged about where raw materials are produced and where they are processed into food or packaging?
- Why has this pattern of world trade developed?
- Who derives the greatest benefit?

key ideas

- Although many products are manufactured in Britain or other Northern countries, most of the raw materials are imported and many come from countries in the South.
- The largest proportion of the retail price of most of the foodstuffs we consume goes to processing, transport and retailing companies in the North.
- The pattern of world trade is a legacy of the colonial system. This has been reinforced since independence by the economic and political power wielded by TNCs in the North, and Structural Adjustment Programmes (SAPs) which force indebted countries to increase their exports.

follow-up

- Go to through your kitchen or a large supermarket making a list of food and their countries of origin. Display information on an outline map. For each country add data on foreign debt, proportion of export earnings used to service debt and social indicators such under-5 child mortality or access to clean water (from Unicef's online version of *The State of the World's Children*: <http://www.unicef.org/sowc97> or UNDP *Human Development Report 1997*, see *Resources*, p87, or main figures online at <http://www.undp.org/hydro/hdi.htm>).
- Take one product and do an ethical audit through its life cycle (see *From start to finish*, p23)
- Play *Flower chains*, p13, or one of the trade games listed in *Resources*, p 90, (eg Coffee Chain Game).
- Watch video animations *A Matter of Interest* or *Who Runs the World?* about the origins of the Debt Crisis and impact of SAPs (see *Resources*, p90).

the world in your kitchen

In this activity you will find out what some foodstuffs and their packaging are made of, and where the raw materials might come from.

what you do

You will be given labels from common foodstuffs.

- ▶ Use the label to list what raw materials are in the product. Include the packaging as well as the contents. Ask if you need help.
- ▶ Write down any information which says where the product comes from or where it was made.
- ▶ Use the list below and an atlas to map where the raw materials may come from. Use a different colour for each raw material and create a key for your map. Identify and name the countries where the items are manufactured or processed.
- ▶ If you have access to the Geographical Digest, try to find out more about where some raw materials may come from.

raw materials - main producers

Bauxite (aluminium): Australia, Guinea, Jamaica, Brazil, India

Oil (plastics): Russia, Saudi Arabia, US, Iran, Mexico

Wood pulp (paper & cardboard): Russia, US, Canada, Sweden, Japan

Phosphates (fertilisers): US, Russia, China, Morocco, Tunisia

Lead (glass): US, Russia, Australia, Canada, Peru

Tin ore: China, Indonesia, Brazil, Malaysia

Tea: India, China, Sri Lanka, Kenya, Indonesia

Sugar: Brazil, India, Cuba, China, Thailand

Cocoa: Ivory Coast, Brazil, Ghana, Malaysia, Indonesia

Cereals: Russia, US, China, India, France

Coffee: Brazil, Colombia, Indonesia, Mexico, Vietnam

Soy beans: US, Brazil, Argentina, China

Fruit and vegetables: Netherlands, Spain, Italy, France

Wine: Italy, Spain, France

Orange juice: Brazil, US, Spain, Mexico

questions

- 1 Look at the map you have made.
- ▶ How many raw materials are produced in the industrialised North?
- ▶ How many raw materials are produced in 'Less Economically Developed Countries' (LEDCs) in the South?
- 2 Which countries are involved in manufacturing or processing?
- 3 What patterns do you see in the production of raw materials and their processing into products we consume?
- 4 Can you explain these patterns?



Eckert IV projection

the world in your classroom 30min

We suggest you run either this activity or *The world in your kitchen*.

aims

- To show our dependence on imported products in our everyday lives.
- To show that many raw materials are produced in the South, while manufacturing is dominated by the US, Europe, Japan and a few Newly Industrialising Countries (NICs).

what you need

Actionpages: *The world in your classroom* and *World outline map*; make one set of raw material labels per pair (lead, bauxite, iron, oil, wool, cotton, wood, copper, rubber); Blu-tac; access to production statistics in the Geographical Digest may be useful for sourcing raw materials not in the Actionpage.

what you do

- ◀ Divide group into pairs and distribute Actionpage and labels.
- ◀ Explain that pairs will move around the room, sticking their labels on any product which contains that raw material.

whole group discussion

- ◀ Pairs report back.
- What pattern emerged about where raw materials are produced and where they are turned into manufactured products?
- What objects in the room are not labelled? What are they made from? Where do these raw materials come from?
- Why has this pattern of world trade developed?
- Who gets the biggest profits – producers of raw materials or manufacturers?

key ideas

- Most of the raw materials used in manufactured goods are imported and many come from countries in the South. Most manufacturing takes place in the North or a few Newly Industrialising Countries (NICs).
- The pattern of world trade is a legacy of the colonial system. This has been reinforced since independence by the economic and political power wielded by TNCs in the North who decide where manufacturing will take place. Structural Adjustment Programmes (SAPs) force indebted countries to increase their exports of raw materials.

follow-up

- Ask group to go through a large supermarket making a list of food and their countries of origin or collect labels from their kitchen. Display information on an outline map. For each country add data on foreign debt, proportion of export earnings used to service debt and social indicators such as under-5 child mortality or access to clean water (from Unicef's online version of *The State of the World's Children*: <http://www.unicef.org/sowc97> or UNDP Human Development Report 1997, see *Resources*, p87, or main figures online at <http://www.undp.org/hydro/hdi.htm>).
- Take one product and do an ethical audit through its life cycle (see *From start to finish*, p25).
- Play *Flower chains*, p13, or one of the trade games listed in *Resources*, p 90, (eg Coffee Chain Game).
- Watch video animations *A Matter of Interest* or *Who Runs the World?* about the origins of the Debt Crisis and impact of SAPs (see *Resources*, p90).

the world in your classroom

In this activity you will find out what things in your classroom are made of, and where those raw materials might come from.

what you do

You will be given some labels with the names of some common raw materials on them.

- ▶ Go around the room putting labels on anything which contains the raw material on your label. Ask if you need help.
- ▶ Make a list of all the objects you found containing your raw materials.
- ▶ Use the country list below to map where your raw materials may come from.
- ▶ Use an atlas to draw and colour each country your raw material comes from.

raw materials - main producers

Bauxite (aluminium): Australia, Guinea, Jamaica, Brazil, India

Oil (plastics): Russia, Saudi Arabia, US, Iran, Mexico

Wood pulp (paper & cardboard): Russia, US, Canada, Sweden, Japan

Lead (glass): US, Russia, Australia, Canada, Peru

Copper ore: US, Japan, Chile, Russia, Zambia

Iron: Sweden, Australia, US, Russia

Rubber: Brazil, Malaysia, Indonesia

Wool: Australia, Russia, New Zealand, China, Argentina

Cotton: China, US, Russia, Pakistan, India

questions

Use the list of raw materials to answer the questions.

- 1 How many different countries are in the North?
- 2 How many are in the South?
- 3 What does this tell you about your product?
- 4 Manufactured goods are worth more than raw materials. Which countries do you think make the most money in trade? Why?



Open cast gold mine, Antamok, Philippines - mining is depriving communities of their traditional livelihoods and causing serious pollution

from start to finish 45-60min

aim

- To evaluate the costs and benefits involved in the production, distribution and disposal of manufactured goods.

what you need

Actionpages: *From start to finish* and *For what it's worth*; sheet of flip chart paper and Blu-tac per group.

what you do

- ◀ Divide group into small groups and hand out Actionpage: *From start to finish*.
- ◀ Explain that the grid looks at the costs and benefits involved at every stage in the life-cycle of a product, from the extraction of the raw materials, through its processing, use and final disposal. Emphasise that they should identify the specific groups who win or lose. The grid should be drawn on a sheet of flip chart paper and filled in.
- ◀ Decide what products each group wants to analyse (could refer back to *The world in your classroom* activity). For a complex product (eg car), groups could just consider one stage in the life-cycle.

whole group discussion

- ◀ Display grids on wall for whole group to digest.
- What kind of costs/benefits emerged from your analysis?
- Who enjoys the greatest benefits? Who pays the greatest costs? Why?
- How would you describe this situation?
- Can you think of situations in this country where the full, long-term costs of an economic activity are not taken into account? (eg nuclear power)
- Who should pay the costs of repairing environmental damage involved at various stages of the life-cycle of a product?
- Would you be prepared to pay more to ensure that the things you buy are people and environment friendly?
- Whose responsibility is it to ensure that economic development is socially, economically and environmentally sustainable?

key ideas

- Many of the costs of producing the manufactured goods we consume are not included in the price we pay for them. Most of the long-term environmental destruction which results from mining, forestry or cash cropping affects poor communities in the South who receive no compensation for their loss of livelihood or poor health.
- Many TNCs deliberately locate their manufacturing in the South because labour is cheaper, working conditions are poor, health and safety regulations are limited and rarely enforced, and environmental standards are lower. We in the North benefit through lower prices, but there can be a loss of jobs to lower-cost producers.
- Many companies deliberately hide the full costs of their activities. Some project a green image at home, but their practice in the South can be very different (eg Shell sponsors its Better Britain Campaign for community environment projects in Britain at the same time that it pollutes Ogoniland in Nigeria).
- Any economic activity involves costs and benefits, winners and losers. Usually it is the poor and powerless who are excluded from the decision making process, yet pay the greatest costs.
- Much economic activity is not sustainable because of long-term social, economic or environmental damage. Opposition can create political instability (eg armed uprisings against 'development aggression' in Philippines).

- Audits can help improve efficiency and ensure sustainable long-term economic development by exposing hidden costs, reducing waste and pollution, preventing the loss of livelihoods, and limiting the destructive impact on the environment and social structures.

follow-up

- Draw up guidelines for ethical consumerism. How can consumers be encouraged to adhere to these principles?
- Hand out Actionpage: *For what it's worth* on ethical audits and Fair Trade.
- Design a poster or leaflet to campaign for a Fair Trade (see *Make a difference*, p75).
- Surf the web for background information. For starters try:

Body Shop: <http://www.the-body-shop.com>

Friends of the Earth: <http://www.foe.co.uk/camps/susdev/index.html>

Fairtrade Foundation: <http://www.gn.apc.org/fairtrade>

Greenet: <http://www.gn.apc.org>

Greenpeace: <http://www.greenpeace.org>

Labour Behind the Label: <http://www.xs4all.nl/~ccc>

One World Online: <http://www.oneworld.org>



Illustration: Public Interest Research Group (India)

from start to finish

Many of the costs of producing the goods we consume are hidden. We do not pay for the social or environmental damage that may be involved in the extraction of raw materials, manufacturing processes, use or disposal. Draw this grid on a sheet of flip chart paper. Fill it in to analyse the costs and benefits of a product at all stages of its life-cycle. Include who pays the costs and who gains the benefits.

Name of product:

activity	impact (pros & cons: who wins? who loses?)		
	social	economic	environmental
extraction & transport of raw materials eg mining, farming			
processing & manufacture			
distribution & use			
disposal of waste			

- 1 Who gets the greatest benefits? Why?
- 2 Who pays the greatest costs? Why?
- 3 Is this economic activity politically, economically, environmentally or socially sustainable in the short-term? In the long-term?
- 4 What are the alternatives – how can the costs be reduced and the benefits more evenly spread?

for what it's worth ethical audits & fair trade

More and more people are worried that many costs of production, use and disposal are ignored by manufacturers. Life-Cycle Analysis and Food Miles are ways of assessing overall costs. Ethical investment and Fair Trade are two ways of addressing the problem.

life-cycle analysis (LCA)

LCA is a method for finding ways of reducing waste and pollution in manufacturing. The technique looks at a product from start to finish – from raw material extraction and transportation, through processing and manufacturing to disposal. It aims to use raw materials more efficiently, recycle waste into useful materials and reduce heat and energy loss.

LCAs helped SmithKline Beecham reduce the amount of packaging on their products by printing labels directly onto bottles rather than using paper or plastic labels.

LCAs also compared reusable glass bottles and disposable plastic bottles. Although glass bottles use 25% less energy in production they produce 17% more pollutants during the process.

food miles

Food travels large distances between producers and consumers. Supermarkets argue that transporting food over very long distances is responding to consumer demands for more choice. However, this ignores the hidden costs of too many Food Miles:

- ▶ air pollution from lorries and planes, causing health problems, acid rain and the build-up of greenhouse gases
- ▶ food is over-packaged, sprayed with pesticides and over-processed to help it survive long journeys
- ▶ British farmers are being undercut by imports of cheaper food from abroad
- ▶ farmers in the South are growing food for export instead of local people.

The Sustainable Agriculture, Food and Environment (SAFE) Alliance is an umbrella group of organisations representing farming, environmental, conservation, development, animal welfare and consumer interests. It researches and campaigns for more sustainable farming worldwide.

ethical auditing

Some companies use ethical audits to look at the broad social and environmental impacts of their practices, weighing up the pros and cons of an economic activity to help decision making.

Ethical audits look at a range of criteria, which may include:

- ▶ human rights record
- ▶ equal opportunities (eg sexism, racism)
- ▶ cruelty to animals
- ▶ pollution and long-term sustainability of production
- ▶ working conditions for staff (eg wages, training, hours, health & safety)
- ▶ the right to join a union and collective bargaining
- ▶ land rights – ensure local communities are not deprived of land or livelihood
- ▶ irresponsible products (eg arms, tobacco, alcohol).

Companies which promote an ethical stance include:

- ▶ Co-operative Bank – guidelines include not giving loans to companies involved in the arms trade or who pollute the environment needlessly
- ▶ B&Q – Britain's leading DIY store is trying to ensure that all timber products they sell come from sustainable forests
- ▶ Co-op Retail Services and Sainsbury are working with the Fairtrade Foundation to ensure good working practices among suppliers in the South

- **Body Shop** – does not test its products on animals and gives a fair price to the communities in the South which produce its raw materials.

Because of the adverse publicity created by campaigning groups, more and more companies have adopted Codes of Conduct. Businesses have mission statements which promise to safeguard workers' rights. 'Eco' or 'Green' labels appear on goods and services ranging from washing powder to holidays. However, in some cases these are marketing ploys to attract customers who are concerned about human rights or the environment, rather than ways to improve the working conditions and incomes of workers. Trans-National Corporations (TNCs) may have policies on paper, but little is done to monitor or enforce these policies by independent watchdogs. Workers may know nothing about Codes or be too intimidated to press for their rights. Suppliers are rarely given higher prices so they can pay higher wages or provide better working conditions.

For example, there has been a world-wide campaign to stop the use of child labour in the hand-woven carpet industry in India, Pakistan and Nepal. There is now a Rugmark to certify that a carpet is child labour free. But these can be faked and factories are sometimes warned of inspections and have time to hide under-age workers. Another problem is what to do with children who are already working. When the government of Nepal suddenly clamped down on the carpet weaving industry following pressure from Nepali and international organisations, the number of street children increased. The loss of income to their families also caused hardship. Child labour is a symptom of poverty and solutions need to address the root causes.

Shell have run a high profile programme, the Shell Better Britain Campaign, which gives grants to community groups for environmental projects. Yet in Nigeria their operations are causing devastation to Ogoniland, and they are implicated in human rights abuses against people protesting against pollution and loss of livelihood. Since the bad publicity following the murder of Ogoni activist, Ken Saro-Wiwa, by the Nigerian government, Shell is revamping its image by launching a new mission statement which safeguards human rights and the environment. It remains to be seen how this is implemented.

fair trade

The system of international trade benefits rich countries whose TNCs make large profits and whose consumers enjoy cheap goods and services. The majority of people in the South who grow the food we eat, make the clothes we wear or mine the metals in our appliances, receive low wages which cannot meet their basic needs of food, clothing, housing, education and health. They often work in appalling conditions. Fair Trade is one attempt to give workers a better deal for their labour.

A Fairtrade Mark has been designed to help shoppers identify Fair Trade goods and is awarded to products which:

- provide a living wage for workers
- observe health and safety standards
- offer producers a fair and guaranteed price for goods
- give a commitment to long-term trade
- observe good environmental practice.

more information on the web

- **B&Q:** <http://www.diy.co.uk>
- **Body Shop:** <http://www.the-body-shop.com>
- **Fairtrade Foundation:** <http://www.gn.apc.org/fairtrade>
- **Friends of the Earth:** <http://www.foe.co.uk>
- **Greenpeace:** <http://www.greenpeace.org>
- **International Labour Organisation:** <http://www.ilo.org/public/english/90ipec/index.htm>
- **SAFE Alliance:** <http://www.gn.apc.org/safe>
- **Centre for Alternative Technology:** <http://www.foe.co.uk/cat>

nike strike 60min

aims

- To illustrate the complex economic, environmental, political and social issues raised by the globalisation of manufacturing.
- To raise issues of 'sustainable' development and ethical investment.

what you need

Photocopies of role play cards from Actionpage: *Nike strike*.

what you do

- ◀ Divide the participants into five groups.
- ◀ Explain that most of the designer trainers we wear are made in SE Asia. Nike, Reebok and other TNCs provide components for contractors to assemble. In the role play, workers in Indonesia are striking for better wages and working conditions. The groups will take the roles of: Nike Inc, Korean factory owners, Indonesian government, factory workers and consumers. Each group will prepare their case for an industrial tribunal which will be mediated by the consumers.
- ◀ If stalemate ensues, point out that an agreement is essential because strikes are spreading throughout the country and threaten economic and political stability.

whole group discussion

- ◀ Because arguments can get quite heated it is important to de-role properly.
- ◀ Remaining in role, each group describes how it felt to be in their position.
- Read out your briefing card.
- What were the strengths and weaknesses in your case?
- What compromises could you make? (Nike: pay more to suppliers, reduce profits; government: pass and enforce labour laws, accept trade unions; consumers: pay more)
- In real life would you have compromised?
- How much responsibility do you have for trying to resolve the situation?
- ◀ Then participants should throw off their role by saying 'I am no longer a ...', and move to a new seat in the room.
- What were the main issues that emerged out of the role play?
- Who has power/less power? Why?
- Are you concerned about the pay and working conditions of workers producing the goods you consume? Why/why not?
- What should be basic rights for workers? Are these different for workers in Britain?
- How much extra would you be prepared to pay to ensure fair wages and working conditions.
- Who has greatest responsibility for ensuring a just and equitable distribution of the world's resources?
- ◀ Ask participants to brainstorm the elements which would make development 'sustainable', socially, economically and environmentally?

key ideas

- Many TNCs are locating their manufacturing in countries of the South because wages are lower, unions are weak and environmental standards are low and not strictly enforced. This has resulted in a loss of jobs in these industries in the North.
- Governments try to attract foreign investment because it creates jobs, broadens the economic structure and earns the hard currency they need to pay off their debts. They offer generous packages to compete with other countries (eg tax holidays, subsidised water or electricity), but this kind of economic development is unstable because, in the new global economy, TNCs are prepared to transfer operations to lower-cost countries.

- Newly Industrialising Countries (NICs) like Indonesia, Malaysia, Thailand have achieved high rates of economic growth, but most industrial development is the assembly and re-export of imported parts. Local firms are not building the domestic research or technological capacity which enabled Taiwan and S Korea to compete with US or Japan. In many NICs economic growth is increasing social inequality.
- Governments in the South have their hands tied by the IMF which insists on expansion of the export sector in return for development loans.
- Workers' wages are squeezed to make factories profitable. Labour laws protecting health and safety and workers' rights are often ignored.
- 'Sustainable development' must safeguard workers' rights, protect the environment and improve the human development indicators (eg infant mortality, literacy, access to clean water) for the whole community. Consumers have a role in achieving these aims.

follow-up

- Using the role cards play *Travelling trainers* game (see *Flower chains*, p13) using these figures for the costs of a £50 pair of trainers: brand owner's costs & profits: £16.40; retailer's costs & profits: £23.00; manufacturer: £9.40 (materials £6.55, overheads £2.00, profit £0.85); factory workers: £1.20.
- Try <http://www.cleanclothes.org/1/nike.htm> for campaign information.
- Ask group to look at the labels in all their shoes and clothes and make a list of the brand names and the countries where they were made. Collate data and present on world map. For each country add data on foreign debt, proportion of export earnings used to service debt and human development indicators (from Unicef's online version of *The State of the World's Children*: <http://www.unicef.org/sowc97> or UNDP *Human Development Report 1997*, see *Resources*, p87).



Nike factory worker,
Indonesia; photo: Clean
Clothes Campaign

nike strike - role cards

nike inc (usa)

You are a group of senior Nike executives. Nike strives to be the world market leader in sportswear, including clothing and sports shoes. 92% of your market is the US and Europe, although your products sell all over the world. You invest a great deal in product development for professional sports-people and the fashion market. In a tough competitive market you rely on expensive marketing. You pay Michael Jordan £12.5m to endorse your shoes. Turnover in 1994 was £2.4bn with profits of £190m.

To stay competitive and to continue making profits you keep production costs down by contracting 99% of your production to factories in SE Asia. In the 1970s you moved production from the US (labour costs £4.61/hr) to S Korea. When Korean production costs (wages: £1.26/hr) increased in the early 1990s you moved on to Thailand (40p/hr), Indonesia (10p/hr) and China (6p/hour).

Each factory agrees to make a certain number of high-quality shoes for a deadline. You provide the components to be stitched and glued. Only perfect shoes are bought. You make sure that factory owners are aware of Nike's 'Memorandum of Understanding', a code of practice designed to protect the factory workers from low wages and poor conditions, but your representatives rarely check whether this really is implemented on the ground.

indonesian government

You are senior officials from the Ministry of Trade. Indonesia is an Economically Developing Country in SE Asia with a population of 200 million spread over 1000 islands. You are under pressure from the World Bank and many international commercial banks to repay the large loans you have taken out for industrial development (1994: \$96bn). These cannot be paid in local currency but have to be paid in 'hard' currency (\$, £, ¥, DM). The International Monetary Fund (IMF) has imposed strict economic controls (Structural Adjustment Programme) on your government. You have agreed to increase exports to raise foreign currency; privatise state owned industries; reduce government spending on health & education; phase out subsidies on rice and salt. Economic policies include: logging of tropical rainforest, forced migration of 2.5m people and displacement of indigenous people to make way for export-oriented agribusiness. You are tough on opposition to your economic policies

One way to encourage economic growth is to encourage foreign investors to set up shop in Indonesia. You are in fierce competition with neighbouring countries (Thailand, Vietnam, Philippines, China) to attract foreign industry, and so you have no choice but to offer low business taxes and keep the minimum wage low. There is only one legal trade union which you control, making strikes less likely. This makes Indonesia attractive to foreign investors. You hope that the money these companies will bring in will broaden the economic base of the country, create jobs, and raise living standards. You want to follow in the footsteps of your neighbour, Singapore, which has become one of the 'Asian Tiger' economies.

You have experienced rapid economic growth during the 1990s (1995: 7%). Although you have a \$10bn trade surplus, debts eat up 30-35% of your export earnings. 30% of the population still live in absolute poverty. There is increased public dissatisfaction with your government, particularly amongst indigenous peoples and urban factory workers. There are armed uprisings in remote areas and serious riots in the streets of the capital, Jakarta. You continue to occupy East Timor where you have massacred 200,000 people, one-third of the population. You worry that political instability will frighten investors away and you will be unable to pay back your debts. However, you have large offshore reserves of oil which companies such as Shell and Texaco want to exploit.

korean factory owners

You are successful business people from Korea where recession closed many factories in the early 1990s. Wages in Korea are high (£1.26/hr) compared with other parts of Asia (Thailand 40p/hr, Indonesia 10p/hr) and increasingly you have set up factories in other SE Asian countries where production costs are lower and governments offer you incentives (eg low taxes) to set up in their countries.

You have a contract with Nike to produce sports shoes. Nike provide all the component parts, and your workers stitch and glue the shoes together for export to Europe and US. There are many other factories in competition with you, and to stay in business you have to offer Nike the lowest price possible – your profit on a pair of shoes that retails for £50 is only £0.85. This means that there is less money to pay your workers, and improve and maintain your factory. You have signed a 'Memorandum of Understanding' with Nike which guarantees health and safety in your factory, but inspections are rare and you always have time to tidy things up before their representatives come. You know Nike made profits of £190 million last year.

Despite the low wages there is no shortage of labour – thousands of young people are flocking to the cities in search of work. There is a government-controlled trade union which is ineffective. You deal severely with any attempts to organise workers into independent trade unions – trouble makers are immediately sacked. However, the Indonesian government may not be able to continue its policy of low wages as the number of strikes is increasing all over the country. You are concerned that political instability will damage your business. China is a booming country with lower production costs (6p/hr) and an enormous domestic market. Your days in Indonesia may be numbered, and so unnecessary investment needs to be avoided.

indonesian factory workers

You are a group of women workers employed in a Korean-owned factory making sports shoes for the US and European market. 90% of factory workers are women aged 19-25. You work 12 hours a day, 6 days a week, with forced overtime when factory deadlines are near. You work on one part of the shoe making process, and your wages are barely enough to live on. The factory recruited you from your rural home many miles away, and you want to earn money to help your family. You share a cramped dormitory with 30 other women.

The factory is dark, noisy, dusty and dangerous – the machines are not maintained and you were never properly trained in using them. Many of your friends have been injured, some have lost fingers and hands. The poor working conditions mean chest infections and eye strain is normal. In hot weather the fumes from the glue can be overpowering. You are not allowed time off if you are ill and pregnant women are sacked. Some of the factory supervisors are cruel, violent and swear at you. Sexual harassment is common.

There is a government-controlled union but it does nothing to improve your conditions. If you complain you are beaten or sacked. Sometimes inspectors come but the owners make you clean the factory beforehand and tell you to wear clean clothes. The inspectors never speak to the workers and don't check the machinery. You have decided to follow factory workers elsewhere in Indonesia and strike to improve pay and conditions. Although you are afraid of losing your job, you hope that if the strikers remain determined you will force concessions from the owners. You know the Korean factory owners sell the shoes to Nike, an American company which makes huge profits.

BEST COPY AVAILABLE

consumers group in europe

You are members of a consumers organisation. You have been invited to a special meeting of representatives from the sports shoe industry. It has been decided that you should act as mediators in a dispute between Nike Inc, the Indonesian government, Korean factory owners and workers in Indonesia – all the people involved in making the shoes.

You know that companies like Nike contract out the manufacture of their sports shoes to companies in SE Asia, where labour costs are low, and health and safety and environmental standards are not strictly enforced. Workers in Indonesia earn 10p/hr compared with £4.61 in the US. Nike makes high profits – £190m in 1994 – despite high promotion costs. Michael Jordan was paid £12.5m for endorsing Nike.

You know the Indonesian government is trying to develop its economy through export industries in line with International Monetary Fund (IMF) policy. It has taken out huge loans (1995: \$96bn) to provide a basic infrastructure – power, roads and factories. This means that 30-35% of its export earnings goes to paying off these debts. It tries to attract foreign investors by keeping the minimum wage low, and offering incentives such as low taxes and a weak, government controlled union. At present the economy is growing rapidly, but 30% of the population still lives in absolute poverty, and there is growing dissatisfaction with poor wages and working conditions among urban factory workers. The number of strikes is increasing and riots have taken place. The government is extremely authoritarian. Indigenous people have been thrown off their land to make way for agribusiness and 2.5m people have been forced to migrate to less densely populated regions. 200,000 people have been massacred in East Timor which is illegally occupied by Indonesia.

► Your task is:

- 1 to find out why the workers are striking
- 2 who is responsible for the problems
- 3 suggest how the crisis can be resolved.

► Prepare by thinking what questions you can ask to uncover the whole picture and proposals which will satisfy all parties involved.



Nike factory worker, Indonesia; photo: Clean Clothes Campaign

industry without chimneys 80+min

aims

- To evaluate the long-term social, economic and environmental impact of tourism.
- To explore the international trade in services.

what you need

Part of service audit grid copied on flip chart; photocopies of the Actionpages: *Part of the service*, *Green menace*, *Background to tourism in Goa*, *Responsible tours & soft travel*, *Voices from Goa* and *Japanese holiday village*.

what you do

- ◀ Explain that the provision of services such as tourism is the fastest growing sector of the world economy, and that this session will look at the long-term impact of a service industry, using an audit grid.
- ◀ Brainstorm: **What are the costs and benefits of golf course construction in Britain?** Fill in the grid.
- ◀ Hand out Actionpage: *Green menace* and point out similarities and differences with group's analysis. The golf case study can be left out if time is pressing or if the group is familiar with audits.
- ◀ Divide participants into small groups and hand out remaining Actionpages.
- ◀ Explain that they should draw the grid on a sheet of flip chart paper and fill it in using the background material on tourism development in Goa. Emphasise that they should identify the specific groups who win or lose.

whole group discussion

- ◀ Ask different groups for their responses to various sections of the grid and facilitate discussion around the following questions.
- Who gets the greatest benefits? Who pays the greatest costs? Why?
- Who has the greatest power? What is the basis for this power?
- What are the alternatives – how can costs be reduced and benefits more evenly spread?
- Can you think of examples of similar dilemmas for tourism development in Britain?
- What is 'sustainable development'? Who should be responsible for ensuring sustainability?

key ideas

- There are costs involved in the provision of services such as tourism. The environmental impact (eg golf courses) is most obvious, but there can also be serious social and economic losses, especially for marginalised people who lose their livelihood.
- The majority of workers in the service sector are women, and most of the jobs are part-time, low paid, unskilled, insecure and offer few prospects.
- The benefits are enjoyed by us, the consumer, and the large companies which make bigger profits because we/they do not have to pay the full cost of providing the service.
- The distribution of power and the division of costs and benefits in the trade in services mirrors the situation of commodities and manufacturing.
- 'Sustainable development' must take all long-term social, economic and environmental costs into account, and ensure that the basic needs of everyone are met. Inappropriate development destroys people's lives and threatens the future of the planet. Poverty and inequality undermine social stability within countries. Competition for scarce resources encourages conflict between countries.

follow-up

- The next activity, *Goan sands*, uses the material from *Industry without chimneys* to devise a Tourism Master Plan.

part of the service

Draw the grid on a sheet of flip chart paper. Use it to evaluate the long- and short-term social, economic and environmental impact of a service industry. Remember to include the specific groups who win or lose.

Name of case study:

	pros (including who gains benefits)	cons (including who pays costs)
SOCIAL eg effect on culture, education, health, women, children, indigenous people, social equality		
ECONOMIC eg type of work created, where do profits go, loss of livelihood, improved infrastructure, loss of food security, distribution of resources		
ENVIRONMENTAL eg pollution of water supplies, loss of habitat & bio-diversity, conservation		

- 1 Who gets the greatest benefits? Who pays the greatest costs? Why?
- 2 Who has the greatest power? What is the basis for this power?
- 3 Is this economic activity politically, economically, environmentally or socially sustainable in the short-term? In the long-term? Why?
- 4 What are the alternatives – how can costs be reduced and benefits more evenly spread?

green menace?

Golf tourism is a rapidly growing sector of the tourism industry. In Britain, it is seen as a way of using land which is taken out of agricultural production because of over-production of milk or cereals. In the South, it is seen as a way to attract high-spending tourists. This audit assesses some pros and cons.

	pros (including who gains benefits)	cons (including who pays costs)
SOCIAL eg effect on culture, education, health, women, children, indigenous people, social equality	• employment, eg caddies, gardeners, bar staff (local people); managers (outsiders)	• children leave school for menial work, eg collecting balls • in many countries golf linked to sex tourism, eg in Thailand female caddies perform other 'services' • farmers or indigenous people often displaced and access to communal or ancestral land prevented • access to water may be denied
ECONOMIC eg type of work created, where do profits go, loss of livelihood, improved infrastructure, loss of food security, distribution of resources	• attracts high-spending tourists • earns foreign exchange to pay off debts and possibly increase government spending on development programmes • diversifies national economy • brings cash into local economy - can be spent on school fees, medicine etc • makes land more economically 'productive'	• loss of national food security as agricultural land is lost • food and land prices increase (hits locals most) • loss of traditional livelihoods & economic independence - new jobs are low paid, seasonal and insecure • profits from foreign-owned courses repatriated and not spent in country
ENVIRONMENTAL eg pollution of water supplies, loss of habitat & bio-diversity, conservation	• can help preserve land from industrial development • properly managed courses can reduce use of water and chemicals • the world's 25,000 golf courses occupy an area the size of Belgium	• loss of ecological diversity, trees felled, creation of artificial habitat - use of imported grasses • high water consumption to maintain greens (deprives local people - women have to travel further to collect water) • high application of toxic chemicals - pesticides, fertiliser etc - pollution of water table; poisoning golfers, caddies & local people

- 1 Would you favour or oppose a golf course development in your area?
- 2 Can golf course development be made more 'sustainable'? How?

background to tourism in goa

In 1961 Goa became a Union territory of India after 450 years of Portuguese colonisation. Agriculture, fishing and traditional small-scale industries provide the main livelihoods. Mining, especially iron ore for export, is the main large-scale industry. Traditionally, large numbers of Goans work overseas, particularly as merchant seaman or in ex-British colonies in East Africa. More recently, many have become migrant workers in the Gulf. Their earnings are an import element in the local economy.

Area: 3,814 km² Population: 1.1 million (1991)

Religion: Hindu 66%, Christian 29%, Muslim 5%

Crops: rice, cashew, coconut, sugarcane

Industries: mining, tourism, shipping, food processing

Tourist arrivals: 1973: Indian - 119,387, foreign - 8371; 1992: Indian - 774,568, foreign - 121,442

During the 1960s Goa's long, sandy beaches began to attract both Indian tourists and young Western backpackers. Fisherfolk took advantage of new opportunities and rented one or two rooms to 'hippies', or set up small shacks selling food and drinks. In 1976 the first 5* hotel complex, the Fort Aguada, was built. Three more were constructed over the next seven years. Small hotels and family guest houses also mushroomed along the coast.

In 1987 the State government announced a Tourism Master Plan. Over 30 new luxury hotels were planned for the 105km coast, most involving partnerships between Indian companies and Northern Trans-National Corporations (TNCs). Goa was marketed as an affordable, exotic, tropical alternative to the Mediterranean, focusing on its Catholic Portuguese legacy, even though the majority of people are Hindu.

Although the Master Plan was rejected, hotel construction continued, and in 1988 the first direct flights of German charter tourists arrived, followed soon after by the British. These developments prompted vocal criticism from several directions. Environmentalists drew attention to the destruction of the coastal ecosystem by hotel construction, tenant farmers protested at their loss of livelihood when landlords sold land for hotel developments, and women complained at rising prices for basic foods. Despite these objections, in 1990 the State government projected tripling the number of tourist arrivals to 2.5m by the turn of the century, and increasing the proportion of foreign visitors from 10% to 20%.

In 1991 the Indian government was forced to approach the International Monetary Fund (IMF) for a \$5bn loan. This was granted on condition that India implement a Structural Adjustment Programme (SAP) to completely liberalise the economy and open the country to foreign TNCs. India has one of the world's highest debts - \$99bn (1992). 25% of foreign exchange earnings go to service the debt (interest + principal repayments), so the government is encouraging developments which earn foreign exchange. These include increasing the area devoted to cash crops such as cut-flowers (reducing food security), selling hi-tech expertise which is cheap compared to the North (eg programming computer software) and tourism.

In 1990 an 'open skies' policy was adopted which allowed foreign charter operators to compete with Indian airlines. Goa was identified as a 'growth centre' for beach tourism and a major golf destination.

Official policy now targets upmarket charter tourists rather than low-budget charters or young, low-spending back-packers. Plans submitted include increasing the number of beds in 'starred' hotels from 4,000 (1996) to 10,000 by the year 2000. These projects are funded by a mixture of government and private capital, especially TNCs and Non-Resident Indians attracted by a generous package of incentives and subsidies which include: low interest loans, reduced rates for electricity and water, exemption from taxes of 50% of foreign exchange earnings, and land purchase for foreign companies by the government.

responsible tours & soft travel

Ranjith Henry and his wife Rani run a home-based travel business in Madras called *Kolam*. It provides a model for small-scale tourism which benefits the local community.

In order to increase the opportunity for Fair Trade and fair exchange by the tourist, we follow the following practical points:

- ▶ Air India is our airline of choice for clients to reach India, both to have a taste of India from the point of departure and because the cost of the flight is the single largest expense of the tour, and we expect it to be spent in India.
- ▶ The tour group should be kept at a maximum of 12 persons to ensure adequate interaction within the group and to minimise the mass presence of tourists at any site.
- ▶ Standard tours are not marketed – all are custom-built. They are tailor-made to the inputs received from clients, getting them involved in the design of their own tour programming. This forces them to learn something about India and the places they choose to visit beyond the guide-books we advise them to read. We recommend they speak to Indians about India, rather than the flood of foreign 'experts'.
- ▶ We conduct only four to six tours of two to four weeks duration each tourist season, with no tours run back-to-back.
- ▶ We support small, simple and functional no-frills hotels and guest houses with character, preferably run by a family and not part of a chain. We discourage booking into the so-called 'star' hotels which offer all the trappings of luxury international travel. We consider these as obscene in India when over 40 per cent of our people live below the official poverty line.
- ▶ We arrange village and home stays and visits with care, making sure that we do not visit the same places too often. This avoids turning them into theme parks. We pay these homes the same that we would in any of the regular standard hotels, because we are, after all, their uninvited guests.
- ▶ For road travel taking less than 8 hours we hire private, non-air conditioned coaches. We avoid the use of the public bus service as they are subsidised for the Indian public who have no other choice than to use them, and they are already overloaded and unable to meet demand. We try to use the public train service for distances taking more than eight hours. For even longer distances we use the domestic airlines.
- ▶ We introduce the culinary delights of Indian cuisine which varies in each region and community. We have an accent on vegetarianism, with visits to speciality restaurants, Indian homes and an opportunity to learn Indian cookery. We eat where Indians abound – this is the only test of good food. The best food in India is still to be found in traditional homes and not in restaurants, unlike in the West. We do not patronise any of the international chains like KFC or Pizza Hut, and avoid Pepsi/Coke where possible.
- ▶ We recommend government-run crafts emporia, and crafts villages and centres are visited for shopping. There is an opportunity to buy directly from the craftspersons – but not at bargain prices. We also support the sampling of Indian consumables like soap, toothpaste and similar products.
- ▶ We hire the services of guides with a good knowledge and enthusiasm for the places visited, and offer them better remuneration. We promote private and public recitals of the myriad forms of folk, popular and classical dance and music, and other performing arts by the very best of the young artists who may lack patronage.
- ▶ We include visits to Non-Governmental Organisations (NGOs) involved with alleviating rural and urban poverty, grassroot activists, advocacy groups and craft centres to learn about their work and how we can be of help.
- ▶ Our main idea is to provide a rounded view of India and Indians so that all clichés of our country fall apart.

voices from goa

Tourism is going to be the backbone of the Goan economy. Yes, it was the hippies who put Goa on the map, but we are going for up-market tourists, with an emphasis on low-volume, high-value tourists.

Director of Tourism, Goa

For many years hotels along the coast have been plundering Saligao for our precious drinking water. Part of the Taj Hotels have been built with water from the pond near Lourdes Convent. For some time after that, the lawns of the same hotels were watered from this source till the pond dried up completely. The hotels then turned to the well in Donvaddo. Most of the hotels in the Sinquerim - Baga belt were constructed with our drinking water. The irresponsible and criminal pumping of water lowers the water table of the whole area. This causes the other drinking water wells to dry up and irrigation wells in the fields have to be dug deeper each year. So while Hotel Ronil provides foreign charter tourists with the luxury of swimming in Saligao's drinking water, the people, cattle and fields of Donvaddo suffer from thirst and drought.

Saligao Citizens' Action Committee

For the tourist, tiger prawns are cheap. For us, what was once common place or even a necessity has now become a luxury that is quite out of our reach. The standard of living has gone down and the cost of living has gone up.

Caroline Colaso

If you don't put up hotels you put in industries. At least with hotels you keep the environment clean. You put in a lot of greenery. But in most industries you put up a big chimney and start working.

VAP Majahan, Director of Tourism, Goa

Charter tourism is a bubble that is unlikely to last beyond the year 2000. It is safer to have a good tourist mix and build tourism in a sensitive manner. One should not forget that tourists can suffer from overexposure to the same product and Goa could easily go the way of saturated beach resorts. Somehow the word has gone around that excessive tourism has ruined some of the beaches. I can see no sign of it, but we have to be careful. Kindly carry the local community with you. Unless the local community feels that it is benefiting, they will not only be indifferent but frequently hostile.

Ashok Pahwa, Director-General of Tourism, Government of India

Much is made by the government about the employment potential of tourism. But one significant detail conveniently skipped by the promoters of tourism is that for every job created in a hotel, the investment requirements are double that in other industries.

Devika Sequeira, Goa Today, April 1990

Construction of Dalmia Resorts at Cavelossim and the Ramada Inn at Fatrade, after removing the sand dunes, has exposed the low-lying villages in this coastal area to serious danger of an ecological disaster from which the dunes protected them.

Diocesan Pastoral Council, Goa

I have to dig deeper and deeper to plant because the soil completely dries out. I often have to walk a mile or more to get water for my fields and animals.

Esmeralda

The government forced me to sell my land to Kempinski (German hotel TNC) for a song – to part with my property. But what have they done? They have destroyed access to the beach for local people. These people were entitled – they live on the riverside. They have been living there for generations, doing their own activities – toddy tapping, fishing in the river, collecting firewood from my property for their kilns – they've got distilleries. All these things, these local cottage industries, are being suppressed because they are being driven out. Local people have a right to participate in the tourism development of our land.

Vicente Afonso, landowner

Whole villages are being corrupted by the lure of easy money. It is cultural prostitution and can mean the slow destruction of our society.

Monsignor Alberto Luis, Diocesan Centre for Social Action

It is a disaster. They shout, they are arrogant, they order everyone around. You cannot convert a residential district into your private party area just because you have hard currency.

Roland Martins, JGF (Vigilant Goans Army), on all-night rave parties

The tourists are only here for 4 or 5 months of the year and then things are back to normal. The foreigners all smoke *ganja* (marijuana) but my teenage sons don't copy them. Without the tourists we wouldn't get our daily bread. There's no money in farming and the young men can't find jobs.

Joe De Souza, mechanic who rents rooms to tourists

Power supply over the last 10 years has become a sick joke for the local people. The Government has no control over voltage or frequencies. To make matters worse, the hotels are provided with transformers on their doorstep. This further lowers the voltage for the other consumers in the circuit. Power consumption has far exceeded the availability due to increased demands by the unplanned-for tourist arrivals.

The 1987 Tourism Master Plan merely states that transportation is going to be a problem. Then it places its faith in the railway system which is still nowhere in sight. Taxis and tourist buses may have multiplied over the years, but local public transport has been totally neglected... Since we are now getting low-budget tourists, even they travel by the local buses to save money. Most of these foreign tourists are twice the size of local people...

There is no attempt to provide deep sewerage or effluent treatment plants even for the settled population. No permanent or satisfactory provisions are made for garbage disposal. Garbage disposal means clandestine dumping on some vacant land or in some abandoned quarry. Even the septic tanks are under-designed and cannot take the effluent load during the tourist season. The hotels simply let the effluent overflow into the storm drains, resulting in large numbers of water-borne diseases and pollution of underground water...

The general conclusion arrived at is that the tourism development over the past 10 years has resulted in undermining the quality of life and the environment of the local people – polluted water, surroundings – and made life more difficult in economic terms. Thus, tourism is underdeveloping Goa instead of developing it and increasing welfare.

Coalition of Goan voluntary organisations, 1997

The more tourists who come, the better. The more tourists, the more money.

Dominic Fernandes, fisherman and bar owner

japanese holiday village

In 1986 the Japanese Ministry of Transport (JMT) announced its 'Ten Million Plan'. This aimed to encourage 10m Japanese to travel abroad by 1992 because of overloading of its own tourism and leisure infrastructure. This target was reached in 1990 when 11m Japanese took foreign holidays. Japan has become the world's largest aid donor – \$11.3bn in 1993. Many indebted countries in SE Asia are keen to attract the high-spending Japanese tourist, and have received massive Official Development Assistance (ODA) loans from the Japanese government for tourism infrastructure projects. In 1992 a Japanese Economic Mission to India suggested changes in the tourism sector. Japanese funds are ear-marked for projects in Goa (eg road and rail improvements, water supply and sewage disposal).

The Japanese International Co-operation Agency (JICA) supports the construction of international resorts for elderly Japanese. It identified a 140 hectare site in north Goa at Arambol with panoramic views over the Arabian Sea. Plans include hotel and cottage accommodation, 18-hole golf course, athletic and cycling tracks, botanical gardens, marina, tennis courts, improved roads and a pipeline to bring water from the Tillari Irrigation Project.

The land belongs to the Deshpabhu family which has links to Skypak Resorts Ltd, the company promoting the project. Most local people are opposed to the project despite the promise of jobs. Survey marking stones have been destroyed. Fisherfolk and 519 tenant farmers are threatened with a loss of livelihood and many have staged protest rallies. At present the area caters for back-packers who stay in villages with local families, and provide a living for shacks which sell food and drinks. The shack owners fear the holiday village will have them forcibly evicted. Because of local opposition, the project remains on the drawing board for the time being.

Instead of lending unlimited support to big sharks, the Government should help youths to start small-scale industries in Pernem. With these huge projects they will earn in hundreds of thousands, while we will be left with the begging bowl.

Philomena Fernandes, Arambol



Women drawing water, Agonda, Goa - tourism development often competes for scarce resources with local communities

goan sands 90+min

aim

- To apply results of the audit to devise tourism development strategies for Goa.

what you need

Photocopies of the Role Cards in Actionpages: *Luxury tourism lobby* and *Sustainable development lobby* and *Regional plan for Goa*; completed *Part of the service* audits on tourism in Goa and Actionpages: *Background to tourism in Goa*, *Green menace*, *Voices from Goa*, *Responsible tours & soft travel* and *Japanese holiday village* from previous session.

what you do

- ◀ Divide participants into two groups, the luxury tourism and sustainable development lobbies, and hand out appropriate Role Cards. Divide the two lobbies into groups of 5-6 if you have a large group.
- ◀ Recap main points to come out of the audit of tourism development in Goa.
- ◀ Explain that the luxury tourism lobby will prepare a 10-Year Tourism Master Plan for Goa. The sustainable development lobby opposes further expansion of the luxury tourism sector and will devise its own alternative Sustainable Development Plan. The groups will present their arguments at a public meeting using necessary visual aids (eg maps, drawings).
- ◀ Public meeting. Ask the luxury tourism lobby to present its case first. Invite questions from the floor to clarify details of the Plan. Ask the sustainable development lobby to present its alternative. Invite questions from the floor and encourage debate.

whole group discussion

- ◀ Because arguments can get quite heated it is important to de-role properly.
- ◀ Remaining in role each group describes how it felt to be in their position.
- What were the strengths and weaknesses in your case?
- How did you feel towards the other group?
- ◀ Then participants should throw off their role by saying 'I am no longer a ...', and move to a new seat in the room.
- What were the main issues that emerged out of the role play?
- Who has power/less power? Why?
- Should the less powerful (eg fisherfolk or farmers) be sacrificed for the 'national good'?
- What rights do marginalised people have? How can these be safeguarded?
- What rights do we have to influence development policies in Britain (eg open cast coal mines, golf courses, factory farming, by-passes)?

key ideas

- In the last 20 years, as globalisation, liberalisation and privatisation have become the foundations of the world economic system, our ability to determine our own lives has been undermined.
- Governments and big business have the power to use the system in their own interests. This applies to both South and North.
- People can assert their needs by confronting this power. In Goa poor fisherfolk and tenant farmers have prevented several hotel and golf course projects from being constructed. In Britain, transport policies are being questioned because protests.

follow-up

- The two groups try to arrive at a compromise Plan. What are the main sticking points between the two approaches to development?
- Hand out Actionpage: *Fair trade in tourism*.

luxury tourism lobby

You are a group representing the interests of luxury tourism in Goa. Members include: Director of Tourism, Government of India; Director of Tourism, Government of Goa; Directors from Indian hotel chains with 5* hotels in Goa; Directors of TNC hotel chains in the North in partnership with Indian tourism interests (eg Hilton, Club Med); officials from Town & Country Planning Dept, Government of Goa.

Goa presents excellent potential for the development of the tourism industry. In particular you want to increase the number of beds in 'starred' hotels, aimed particularly at high-value foreign tourists, and diversify into new sectors of the market (eg water sports, golf, trekking). You believe this will improve the overall infrastructure in Goa, provide jobs and earn vital foreign exchange for central government.

You need to come up with a 10-Year Tourism Master Plan for Goa and present it to a meeting of interested organisations, using necessary visual aids such as maps and architects' drawings.

instructions

- ▶ Read the accompanying background material on tourism development in Goa to help you prepare your Plan and arguments to justify your decisions.
- ▶ You should take into account the sometimes conflicting interests of different sections of the community, especially opposition from environmentalists and communities concerned about their loss of traditional livelihoods.
- ▶ You need to strike a balance between costs/benefits (use audit grid *Part of the service*).
- ▶ You need to provide an attractive package to encourage investment by both Indian and foreign companies and ensure they get a good return on their capital. This should include plans for the improvement of infrastructure (eg transport, water supply).
- ▶ You must include ideas for how you will fund the proposals (eg private & government capital, loans, increased taxes).
- ▶ You should include ideas for a marketing strategy to increase the number of visitors.

Suggestions for projects include:

- ▶ new international airport in north Goa
- ▶ upgrade coastal roads, including 4-lane coastal highway to south Goa and landscaped tourist routes called 'parkways' in north Goa – possibly using World Bank loan
- ▶ widen the existing narrow gauge railtrack to make it compatible with the national rail system (see map)
- ▶ improve rail connections with the rest of the country by building a West Coast line from Bombay – the Konkan railway
- ▶ hovercraft/helicopter service to cut transfer times between airport and hotels in south
- ▶ develop inland water transport – with subsidies from State Government
- ▶ improved water supply & waste water disposal – possibly using loan from Japanese International Co-operation Agency (JICA)
- ▶ encourage tourism development at 'beach-heads' spread along the coast (see map)
- ▶ develop adventure tourism potential in hilly interior – the western Ghats have forests, wildlife, waterfalls
- ▶ construct Asia's largest oceanarium; convention centre; 8 golf courses (see map)
- ▶ construct Japanese Holiday Village – loans from JICA
- ▶ privatise and develop hotel complexes in old Portuguese forts at Tiracol, Reis Magos and Cabo de Ram, currently protected national monuments (see map)
- ▶ Disneyworld-style entertainment complex – include casino, bowls, disco, tennis & golf academies, amusement park, botanical gardens, aerobics & yoga centres
- ▶ floating restaurant & casino
- ▶ mobile foreign exchange bureau to visit hotels

sustainable development lobby

You are a group of community activists from Goa concerned about the developments in the tourism industry generally, and particularly the unrestricted growth of the luxury hotel sector. Members include representatives from farming and fishing communities threatened with loss of livelihood because of 5* hotel projects, organisations campaigning against the destructive environmental, social and economic effects of tourism, and women's groups concerned about the impact of tourism on women.

A group representing the interests of luxury tourism are proposing a 10-Year Tourism Master Plan for Goa which will be presented to a public meeting. You oppose these plans and want to propose an alternative Sustainable Development Plan which includes farming and small-scale industries, as well as tourism.

instructions

- ▶ Read the accompanying background material on tourism development in Goa to prepare your Plan and arguments to support your decisions.
- ▶ Your Plan should reflect the needs of the whole population – rural/urban, coast/interior, poor/middle classes.
- ▶ Your Plan should address the problem of unemployment, especially in urban areas, and the need to improve health and education provisions, as well as support for farmers.
- ▶ Your proposals should provide long-term answers and keep environmental, social and economic costs to a minimum.
- ▶ You must provide a good case against the powerful luxury tourism lobby who argue that their plans will provide jobs and business opportunities, and improve Goa's overall infrastructure.

background

Since the 1960s Indian and foreign tourists have come to Goa, attracted by its long, sandy beaches. Most tourism developments were small scale and provided extra income for local people who rented rooms, set up bars and restaurants, or sold souvenirs. Many of the Westerners were 'hippies' or backpackers whose nude bathing and use of drugs provoked some concern for the effect on local youth. Since 1987 the number of visitors has rocketed. The main feature has been the development of 'starred' hotels catering for charter tourists from Europe. The impact of these large complexes has been considerable. Many tenant farmers have been thrown off their land to make way for construction. Hotels' high consumption of water for their swimming pools, flushing toilets and gardens threatens water supplies of local communities and the fragile coastal ecology has been destroyed in places by illegal construction.

There has been widespread opposition to these developments. Protests by farmers and fisherfolk have halted several projects, but government and big business continue to promote 'up-market' tourism which generates foreign exchange. Proposals include:

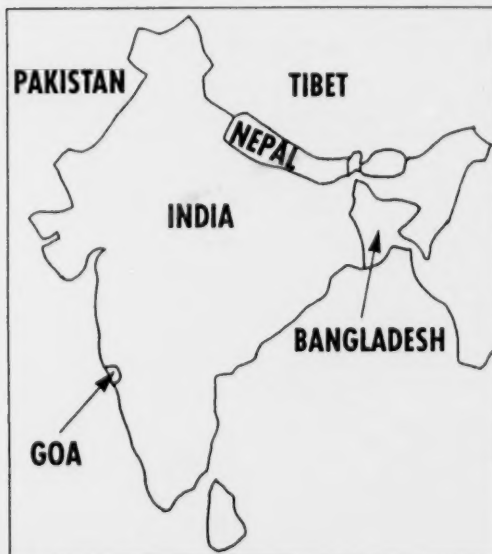
- ▶ new international airport in north Goa
- ▶ upgrade coastal roads – possibly using World Bank loan
- ▶ hovercraft and helicopter service to cut transfer times between Dabolim airport and hotels in south Goa
- ▶ improved water supply & waste water disposal
- ▶ develop adventure tourism potential in hilly interior
- ▶ construct 8 golf courses (see map)
- ▶ privatise and develop hotel complexes in old Portuguese forts, currently protected national monuments (see map)
- ▶ Disneyworld-style entertainment complex – with casino, bowls, disco, tennis & golf academies, amusement park, botanical gardens, aerobics & yoga centres
- ▶ floating restaurant & casino

REGIONAL PLAN FOR GOA

rail & road network
2001 a.d.

LEGEND

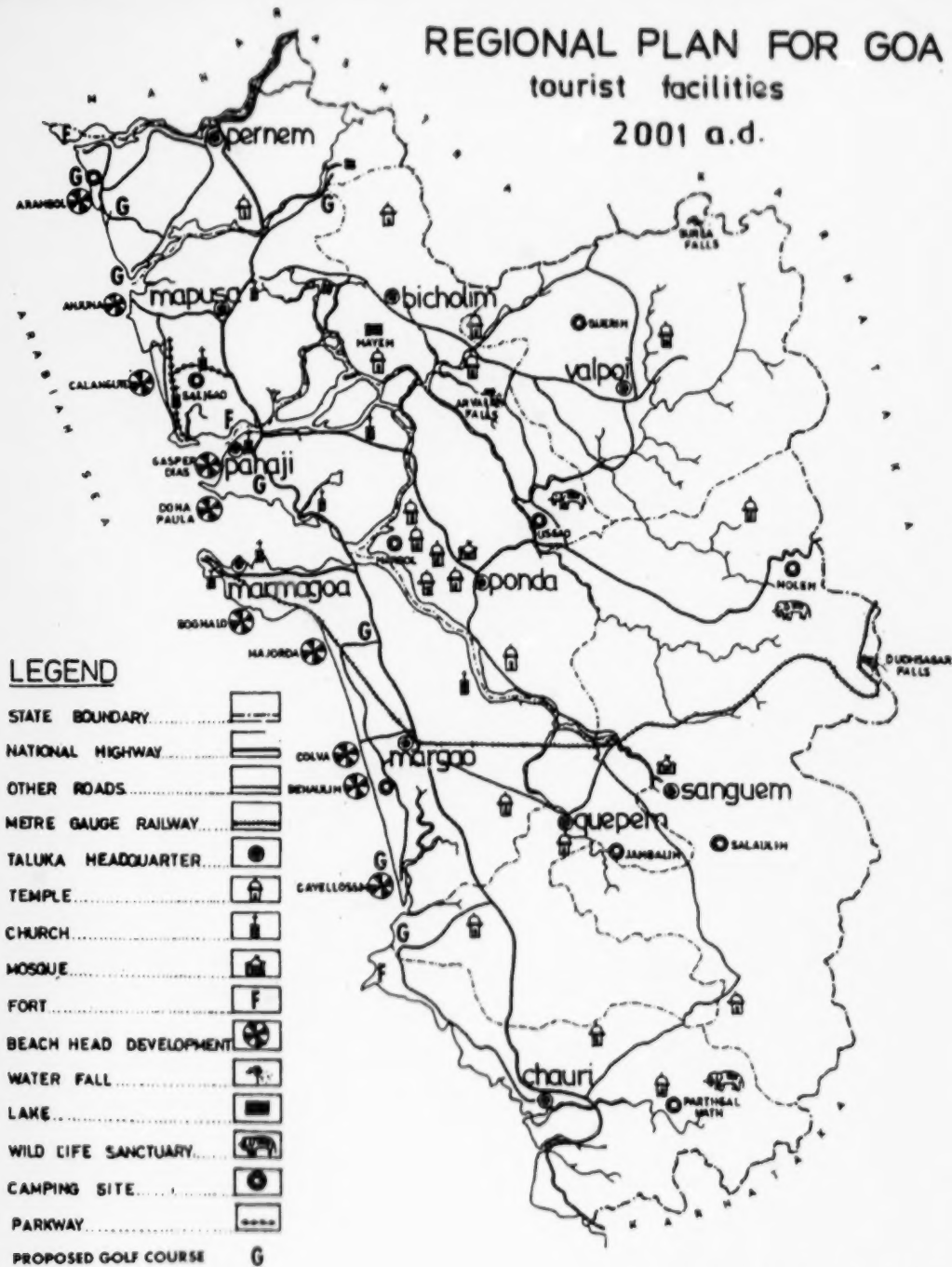
state boundary	
taluka boundary	
river	
national highway existing/proposed	
state highway existing/proposed	
major district road existing/proposed	
parkway	
metre gauge rly./prop. broad gauge conv.	
proposed west coast railway	
bridge proposed	
taluka headquarter	



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REGIONAL PLAN FOR GOA tourist facilities 2001 a.d.

▼ actionpage ▼



town & country planning dept
SOVT. OF GOA, DAVAN & DR

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fair trade in tourism

These guidelines try to address some of the concerns expressed by critics of tourism development. They are adapted from a matrix produced by Tourism Concern, the University of North London and Voluntary Service Overseas, in collaboration with organisations in the South.

POLICY	PRACTICE
► Social and economic equality and ethical trading ► Being aware of socio-economic, political and legal requirements ► Create social, cultural and economic benefits for host destinations, especially poor and marginalised communities	• pay fair prices to enable local people to meet basic needs and improve living conditions • use national airline where possible • develop long-term partnership with local community organisations and networks, as well as business interests, to ensure local people want development and will benefit • work with government and private sector to ensure that tourism is part of overall development policy which meets basic needs of whole community – resources should not be diverted to tourism to detriment of local people • use locally produced products and materials but ensure local people are not deprived of scarce resources (eg water, fuel, food) • develop local skills through training in marketing and management • provide advance payments and low interest credit • inform tourists about all aspects of their host destination – not just what clothes to take!
► National tourism strategies should integrate tourism into other sectors ► Increase participation at 'host' community level	• avoid over-dependence on tourism by host communities – diversify local and national economies and link with other sectors (eg agriculture, manufacturing) • draw local people into decision making process – use their ideas and give them the power to say "no" to 'development' • involve women and other marginalised groups
► Commitment to openness	• carry out social and environmental audits with local groups and government
► Ecological sustainability	• establish limits to tourism development with local groups • observe planning regulations • develop infrastructure (eg sewage, water) which also benefits local people • develop sustainable technology (eg solar power, reed beds to treat sewage) • reduce consumption of scarce resources (eg recycle bath water on flower beds)
► Respect for human rights	• avoid destinations with oppressive governments • ensure that forced labour, child labour, prostitution, loss of traditional livelihoods and displacement from land are not part of tourism development • make sure good working conditions and equality of opportunity for men and women • ensure poorest sections of community benefit
► Develop respect for way of life of 'host' communities	• ensure visitors have opportunities to interact with local people – not just waiters or bar staff!

the road to marrakech 120+min

aims

- To outline some major developments in the world trading system since World War 2.
- To illustrate inequalities in the world trading system.
- To explain the mechanisms which create poverty and dependence for the majority in the South, and wealth and relative privilege for most people in the North.

what you need

Photocopies of Actionpages: *The road to Marrakech* and *Designing an exhibition*, 2/3 sets per group; flip chart paper; sheets of white A1 card; glue; marker pens; long rulers; newspapers, magazines (include some with a geographic or economic content as well as materials with advertisements for food, manufactured goods etc), long haul holiday brochures and material from development agencies.

what you do

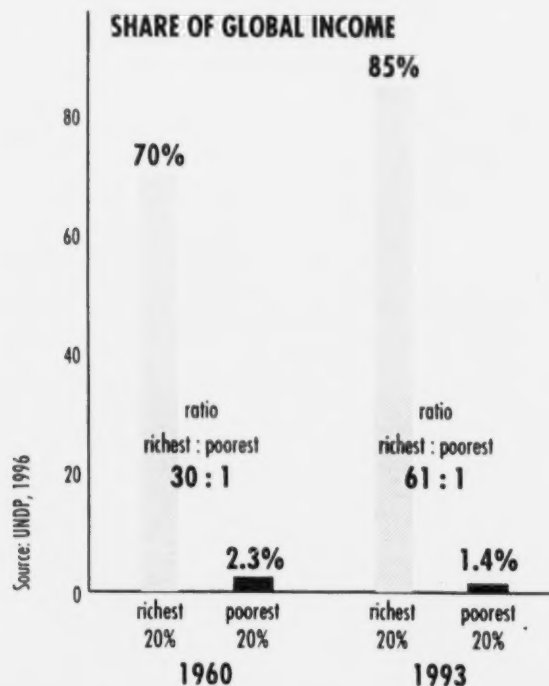
- ◀ Divide participants into five small groups. Hand out appropriate Actionpages to groups. Everyone should get the summary on page 50.
- ◀ Explain that *The road to Marrakech* outlines major developments in the world trading system since the end of the WW2. It is divided into five sections.
- ◀ Each group will take a section, discuss the issues raised and note the main points. They should ask the facilitator about facts or concepts they do not fully understand.
- ◀ They will then devise a set of 4-5 A1 posters which communicate these points to their peers, using text and images. They need to produce catchy headlines and rewrite the text so it is appropriate to their audience.
- ◀ They should use the Actionpage: *Designing an exhibition* for ideas to make the posters attractive. They can use graphics and photos included in the text, find additional images from newspapers or magazines, or sketch the sort of images they would like. Sketch ideas on flip chart paper and use card for final version. Text could be printed out on a word processing or DTP package, and mounted on the card. Collage of products would make an effective image (see pack cover).
- ◀ The whole set of posters will be used as an exhibition in the school/youth club etc.
- ◀ You may need to spend 5 minutes discussing the overall aims of the exhibition (refer to Actionpage: *Designing an exhibition*), the audience (what do they know about trade?), and how they could grab their attention and make them take the message seriously.

whole group discussion

- ◀ Display the posters and allow time to view.
- ◀ Discuss the process.
 - What was difficult about the task – absorbing the information, adapting material for the audience, finding appropriate images?
 - Which posters are most effective in communicating the issues? Why?
 - What images have been used? Do they reinforce negative stereotypes of the South? How could they challenge stereotypes?
- ◀ Discuss the content.
 - Which organisations or countries have power in the world trading system?
 - Where does this power come from and how is it used?
 - Who benefits the most from the present system of world trade? How do they gain?
 - How do we, as ordinary consumers, benefit from the status quo?
 - Who are the losers from the inequalities of the current system? How do they suffer?
 - What are the similarities between SAPs and economic policy in Britain and other countries in the North?
 - How are people challenging the system?
 - Which points do you not fully understand?

key ideas

- The colonial system was blatantly exploitative. However, since independence even more wealth is being transferred from the South to the North because of the 'Debt Crisis', and the power of governments and TNCs in the North to use the system.
- Since WW2, 'development' has improved the lives of people around the world – infant mortality has fallen, life expectancy and literacy rates have increased. But in many countries these advances are threatened by the inequalities in the world trade system and SAPs. Inequality is increasing and current development strategies are not politically, socially or environmentally sustainable.
- 'Free' trade is not really free when the North writes the rules to suit their interests. The Uruguay Round did not include issues which were important to the South (eg stabilising commodity prices), and yet forced Northern concerns about TRIPS and TRIMs onto the agenda. Liberalisation opens up new markets for TNCs.
- 'Free market' (aka 'monetarist', 'neo-liberal') policies, which reduce the role of the state, have also been adopted the North. In Britain this has led to decline in manufacturing, financial scandals in the City, reduced safeguards for the environment and the consumer (BSE is one result of deregulation), fewer rights and lower job security for many workers, and a funding crisis in the health and education sectors. S Korean TNC, LG, has invested in S Wales because labour is relatively cheap!
- A 1997 WB report, *The State in a Changing World*, now acknowledges that its policy of promoting the minimalist state was misguided, and 'is at odds with the evidence of the world's development success stories'. Basic social services, a welfare safety net and environmental safeguards guaranteed by the state are 'a vital necessity for development'.
- The increasing imbalance between haves and have-nots poses a threat to political stability all over the world. Sustainable development must tackle the poverty of people who destroy the environment to feed their families, as well as the over-consumption of resources by the rich. Our response to this crisis will determine the course of the 21st century.



follow-up

- The next activity, *Uneven playing fields*, p66, is a board game which illustrates the inequalities of the world trade system. *Trade sculpture*, p74 and *Make a difference*, p75, provide a fun and creative way to reinforce the issues raised.
- Display the exhibition in your school, youth club, community centre.
- Write a rap or produce a play / puppet show / video about some of the issues raised.

design an exhibition

You need to use the accompanying information and images to produce some A1 panels which will form part of an exhibition about world trade which will be shown in your school/youth club/church/community centre.

overall aims of exhibition

- To outline some of the main structures of the world trade system.
- To illustrate the economic, social and environmental impact of trade.
- To show how trade affects our lives.
- To show who gains the greatest benefits and who pays the most costs.
- To illustrate alternatives to the existing system.

what you do

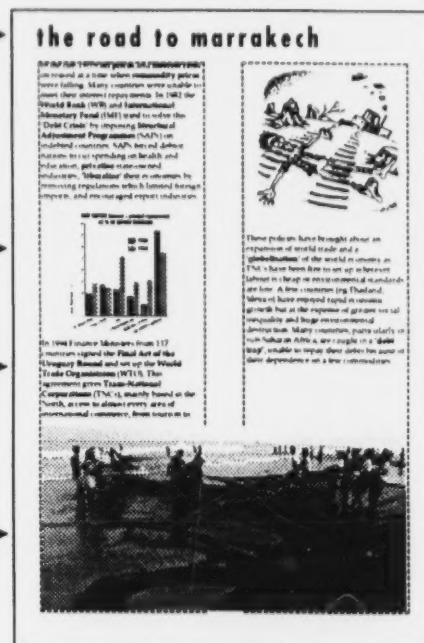
- ▶ The information is divided into five sections – one for each group.
- ▶ Read the summary carefully and identify the points you want to communicate.
- ▶ Clarify any points you don't understand with your teacher/facilitator.
- ▶ Decide who are your target group. What are their interests? What do they know about trade? Decide on a strategy to grab their attention and make them take your message seriously (eg shock, humour, facts, feel-good factor).
- ▶ Write headlines, text and captions that make your points clearly. Include facts and figures if necessary; a graph may make the information more accessible.
- ▶ Think what photos (make a sketch), cartoons or graphics will communicate your message without reinforcing negative stereotypes of the South (eg starving children).
- ▶ Look for suitable images in books or magazines; make photocopies if you cannot use the originals (remember to lighten the image so you don't lose the shadow details, and increase or decrease the size to fit your layout).
- ▶ Collage can communicate ideas in a challenging or unusual way.
- ▶ Think about how the overall layout can enhance the appearance of your poster/leaflet (eg photos, text, fonts, type size, colour, alignment).

use catchy headlines to grab attention & help the audience know what it is about; try using colour

graphs can illustrate data more effectively than text

make sure your text is large enough to read from a distance; choose a clear type style

large format photos make an impact; make sure they do not reinforce negative stereotypes



cartoons can communicate serious issues with humour

text must keep your audiences' interest; try to tell a story, using quotes to add a personal touch

use an invisible grid to align your text, graphics & photos

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the road to marrakech

This summary charts major developments in the world trading system since World War 2 (WW2). This period began with the **reconstruction** of war-torn economies in Europe and gradual **decolonisation**. Improvements in health and education provision were achieved in many newly independent countries in the **South**. In the mid 1970s governments were encouraged to take out large loans at low interest rates by Western banks.

In the late 1970s **oil prices** and **interest rates** increased at a time when **commodity prices** were falling. Many countries were unable to meet their interest repayments. In 1982 the **World Bank (WB)** and **International Monetary Fund (IMF)** tried to solve this '**Debt Crisis**' by imposing **Structural Adjustment Programmes (SAPs)** on indebted countries. SAPs forced debtor nations to cut spending on health and education, **privatise** state-owned industries, '**liberalise**' their economies by removing regulations which limited foreign imports, and encouraged export industries.

In 1994 Finance Ministers from 117 countries signed the **Final Act of the Uruguay Round** and set up the **World Trade Organisation (WTO)**. This agreement gives **Trans-National Corporations (TNCs)**, mainly based in the North, access to almost every area of international commerce, from tourism to seeds and water supplies.

These policies have brought about an expansion of world trade and '**globalisation**' of the world economy, as TNCs have been free to set up wherever labour is cheap or environmental standards are low. A few countries (eg Thailand, Mexico) have enjoyed rapid economic growth, but at the expense of greater social inequality and huge environmental destruction. Many countries, particularly in sub-Saharan Africa, are caught in a '**debt trap**', unable to repay their debts because of their dependence on a few commodities.

For the winners, the global market has meant increased wealth and power, but the losers, in both North and South, face unemployment and poverty.

Economists often explain the benefits of growth through the familiar parable of the boat, insisting that all vessels rise on a rising tide. The problem is that we are not all in the same boat. Some boats, containing perhaps four-fifths of the population in the industrialised world, around two-thirds of the populations in the more successful East Asian countries, and the richest tenth of the populations in Africa, Latin America and other parts of Asia, are floating steadily. Drinks are being served on the main deck. In the water around them, other boats, containing the majority of the world's people, are either sinking or barely afloat. Some have already sunk, with their occupants floating in the water clutching flotsam for their survival. The challenge for governments is to create a fleet capable of carrying all of the world's people on a rising tide of shared prosperity and stability into the next millennium.

Kevin Watkins, Oxfam Policy Unit



WTO OMC

Logos of key institutions affecting global trade; from left: World Bank, International Monetary Fund, World Trade Organisation

1 independence & reconstruction

the colonial legacy

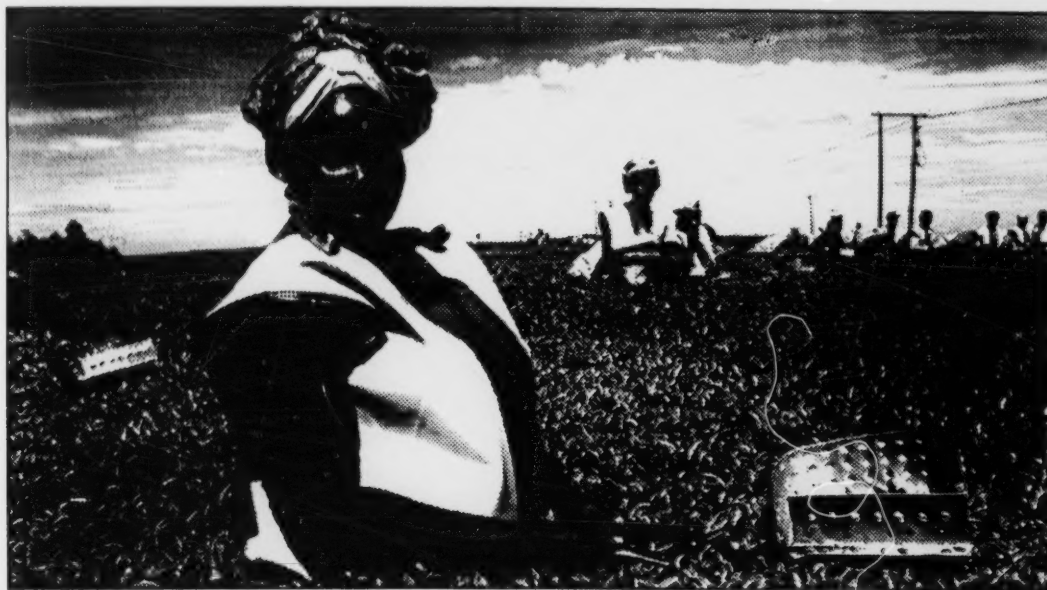
- ▶ By the end of the 19th century most of the world was divided into **empires** consisting of a colonial 'mother' country (eg Britain, France, Japan, Portugal, US) whose industries consumed cheap raw materials from its **colonies**.
- ▶ Colonialism provided the framework for the present global trading and economic system. Many colonies became dependent on exporting one or two low-value **primary commodities** (eg tea, copper) and importing high-value **manufactured goods** (eg cloth, machinery). For the poorest countries, this **dependency** remains (eg copper accounts for 80% of Zambia's export earnings, yet it imports electrical wire) and makes countries and communities vulnerable to fluctuations in the unstable world commodity markets.

independence

- ▶ After World War 2 (WW2) a slow process of **de-colonisation** began as a result of nationalist movements demanding freedom and pressure from the US, which wanted access to markets.
- ▶ Although these countries became independent, their former colonial masters maintained considerable economic power and political influence. The largest company in Kenya is British-owned Lonhro, whose interests include agribusiness, vehicle distribution and tourism.

twin sisters of bretton woods

- ▶ In 1944 the **World Bank (WB)** and **International Monetary Fund (IMF)** were set up at a conference in Bretton Woods, US. They are based in Washington DC.
- ▶ The WB was established to provide loans for the reconstruction of war-torn Europe, and later to improve **infrastructure** (ie roads, dams) in what US President Truman in 1949 labelled 'developing countries'.
- ▶ Originally the IMF was a mechanism to stabilise exchange rates and give credit to countries with a **balance of payments** problem (ie shortage of foreign exchange). Its role has now changed to promoting 'trade liberalisation'.
- ▶ Voting power in both organisations is in direct proportion to the funds contributed by member countries. Europe, US and Japan donate most money and so determine policy. The largest donor, the US, has an effective veto.



Picking tea on Brooke Bond-owned estate, Kericho, Kenya

General Agreement on Tariffs and Trade (GATT)

- ▶ In 1947 the GATT was set up by the United Nations (UN) to promote world trade and prevent a repeat of 1930s **protectionism** which led to global recession. It aimed to create a level playing field and close the wealth gap between the rich industrialised countries of the **North** and poor countries of the **South**.
- ▶ A series of eight negotiating rounds reduced **tariffs** (customs duties on imports) from as high as 44% to 4%.
- ▶ However, the North continues to impose **non-tariff barriers** to protect their own industries (eg **import quotas**, **agricultural subsidies**).
- ▶ For example, in 1974 Northern countries introduced the **Multi-Fibre Agreement** to protect their own textile industries. Producer countries in the South (eg Bangladesh, Sri Lanka) have limits imposed on how much they are allowed to export to individual countries in the North. However, there are no such quotas for Northern countries.

trans-national corporations (TNCs)

- ▶ After WW2 the US experienced a huge expansion of its economic power through its TNCs. These businesses integrate production, sales, research, marketing and finance on a world scale, maximising profits by sourcing the cheapest raw materials and labour. This model was adopted in other countries.
- ▶ 500 TNCs rule the world. Together they produce 30% of the planet's output, account for 70% of global trade and 80% of international investment. Most are based in the North. 15 companies control the market for 20 of the world's key commodities. They have 90% of the wheat, timber, iron-ore, cotton and tobacco trades, 80% of the tea, coffee, and copper trades, and 70% of the rice trade. There has never been such a concentration of power – so great that it can threaten the sovereignty of governments.

resurgent japan

- ▶ After 1945 **Japan** began reconstructing its economy with massive US aid.
- ▶ The government played a central role in directing resources to key areas of the economy, such as research and development. It also passed laws to protect Japanese industry and agriculture from outside competition.
- ▶ By the 1970s Japan was an economic powerhouse to rival the US and Europe, drawing raw materials from around the world to fuel its industries. It has a huge trade surplus with the rest of the world and is the world's largest overseas investor and aid donor.

europa unites

- ▶ In 1957 France, W Germany, Italy, Belgium, Luxembourg and the Netherlands formed the European Economic Community (EEC) to promote economic growth, reduce internal trade barriers and regenerate depressed regions in member states.
- ▶ It was enlarged in 1973 with the addition of Ireland, Denmark and Britain, followed by Spain, Portugal, Greece, Sweden, Finland and Austria.
- ▶ Re-christened in 1992, the **European Union (EU)** represents a huge trade bloc, with a population of 371m (1996), rivalling the US and Japan.
- ▶ Today, 90% of world trade is within or between EU, US and Japan.

asian tigers

- ▶ From the 1960s, S Korea, Taiwan, Singapore and Hong Kong began to develop a significant manufacturing sector. Supported by direct government intervention in economic policy, they have maintained high rates of economic growth by attracting foreign investment in export-led industries.
- ▶ Initially taking advantage of low labour costs, they have become the '**Asian Tigers**', developing a broad industrial base, ranging from hi-tech electronics to financial services. This has provided these nations with a high standard of living. According to United Nations human development indicators (eg life expectancy, health, education etc), Britain is 15th in world rankings, Hong Kong 22nd, Singapore 26th, S Korea 32nd.
- ▶ S Korea has even set up electronics factories in Britain.

2 the debt crisis

opec flexes its muscles

- The 1973 Arab-Israeli War prompted the **Organisation of Petroleum Exporting Countries** (OPEC), a group of 12 Southern producers, to raise the price of oil.
- By December 1974 the price paid by oil consumers worldwide had risen five-fold. Payments from the industrialised countries to OPEC members rose from \$35bn a year in 1973 to \$140bn in 1978. Much of this sudden wealth was deposited in Northern banks.

spend, spend, spend

- From the mid-1970s, Northern banks were flush with **petro-dollars** from OPEC countries. To make profits they needed to lend this money out to earn interest, and offered loans at low interest rates to 'developing' countries in the **South**.
- In 1978 US banks were owed \$110bn. By 1982 this had risen to \$450bn.
- Some loans helped countries pay the higher prices for oil imports, and improve health and education. However, inexperienced bank officials were lax in scrutinising projects, and many loans were wasted on imported luxury goods, arms or prestige projects (eg international airports) which did not generate income for repayments.
- Huge sums were lost through poor financial management and corruption.

loans come home to roost

- In 1979 Ronald Reagan was elected President in the US and started an arms race with the Soviet Union. US government borrowing increased at a time of world-wide economic recession. The result was a 20% rise in international interest rates and an increase in the value of the US dollar.
- For many countries in the South this was the beginning of a nightmare. Higher **interest repayments**, which had to be paid in hard currency, coupled with falling income from commodities meant they became caught in the '**debt trap**'. The **World Bank** (WB) identified Brazil, Argentina, Philippines and Mexico as having serious problems.

down mexico way

- By 1982 Mexico had \$80bn of debt but no cash to meet its interest repayments. Nine large US banks had 44% of their capital tied up in Mexican loans. Hundreds of others had also lent money. If Mexico **defaulted** on its repayments, bank stocks would crash, threatening a world-wide financial crisis.
- The **International Monetary Fund** (IMF) orchestrated a \$8bn rescue package which provided a model for other debtor countries – **Structural Adjustment Programmes** (SAPs) were born.

SAPing the poor

- The '**Debt Crisis**' precipitated by Mexico's threat to default heralds a new era – the re-structuring of Southern economies according to '**monetarist**' or '**neo-liberal**' principles, through SAPs. A similar process took place in the North with the '**free-market**' policies promoted by Margaret Thatcher and Ronald Reagan.
- World Bank (WB) and International Monetary Fund (IMF) give loans to indebted countries to help them repay interest, if they adopt '**trade liberalisation**' policies:
 - **privatise** state enterprises to try to end inefficiency and attract foreign investment
 - open economy to **foreign investment** and **imports** by removing regulations and subsidies which protect local industry and agriculture from foreign competition
 - raise hard currency by **increasing exports** and **developing tourism**
 - **reduce government spending** by cutting services, introducing charges for health and education, and sacking government employees
 - **devalue** local currency to make exports more attractive by reducing their price on the world market, and increase the price of imported goods
 - **increase interest rates** to encourage savings and reduce local spending.

- ▶ Debtor countries have no choice but to accept these conditions because commercial banks will only grant loans to countries with the IMF-WB seal of approval.
- ▶ The result has been the squeezing of the poor as subsidies on basic foodstuffs have been lifted and charges imposed on health and education. The greatest impact has been felt by women and children.
- ▶ For countries like Mozambique and Tanzania, interest repayments exceed the combined health and education budgets, resulting in poor human development indicators (eg 20% of children die before the age of five).
- ▶ In the desperate race to earn foreign exchange, countries have sacrificed their environment – cutting down forests, turning the best land over to cash crops and allowing mining Trans-National Corporations (TNCs) to scar and pollute the landscape.
- ▶ The debt crisis has furthered the economic interests of the North to the detriment of the South. TNCs are free to seek out greater profits by exploiting cheap labour and natural resources without the costs of meeting environmental standards or safeguarding workers' rights. They have created a more global, interdependent economy.
- ▶ The Northern banks were saved and continue to make huge profits, but for the South the burden of debt remains. Despite repaying much more than they originally borrowed, they are deeper in debt. For many countries the prospects of escaping the debt trap are remote because they don't get fair prices for their commodities.

I have four children. If I did not work, they would not eat. But even when I work sixteen hours a day, I make hardly enough to stay alive. I have no contract and no security. How can I build a future like this?

Female textiles worker, Chile

The health, the growth, the education and life of millions of children will be sacrificed on the altar of... economic adjustment programmes.

Unicef, 1990

declining terms of trade

- ▶ The prices of many commodities produced in the South are fixed in the financial markets in the North (eg London Commodity Exchange: coffee, sugar, cocoa, oil).
- ▶ Since the 1970s the relative value of many commodities produced in the South has declined against the cost of manufactured goods (eg in 1975 the sale of 8 tonnes of African coffee could buy a tractor; by 1990 the same tractor required 40 tonnes).
- ▶ Commodity prices have fallen because of new technology (eg fibre optics replace copper wire) or over-production as countries try to increase export earnings.

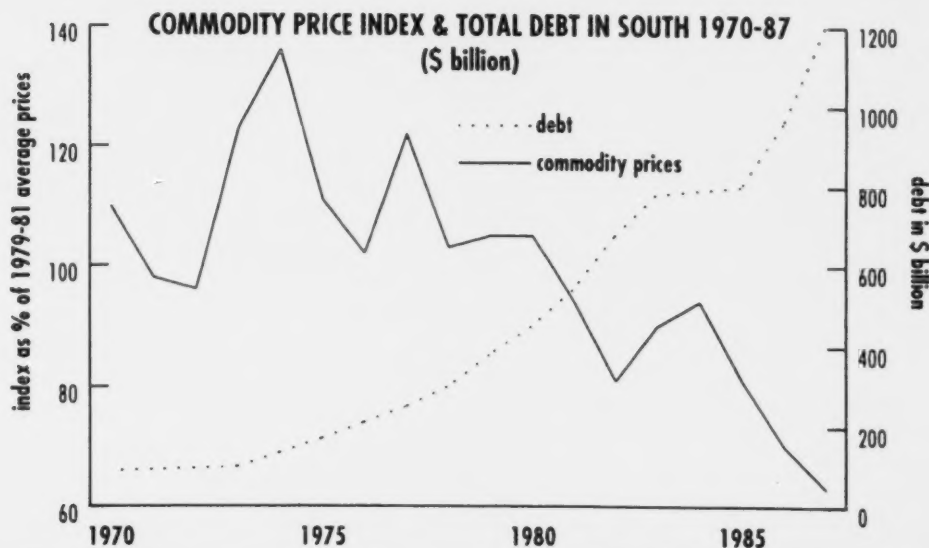


illustration: Miguel Casolas (Uruguay)



uneven playing fields

- ▶ Much of the profit from commodities comes from processing and retailing. Less than 20% of the income from tea sales stays in producer countries. The rest goes to the companies which transport, process and sell the product.
- ▶ For example, the breakdown for a box of supermarket own-label Ceylon tea bags is: plantation workers: 7%; plantation costs & profits: 9.5%; transport, warehousing & taxes: 1.5%; UK manufacturers' costs & profits: 45%; packaging: 7%; supermarket mark-up: 30%.
- ▶ It is difficult for poor countries to process their own commodities for export – they lack the technology and marketing power of TNCs, and industrialised countries impose high tariffs on processed commodities (eg the EU levies a 2% tariff on Malaysian imports of unrefined palm oil, but 25% if that oil is processed into margarine).

ESAP

- ▶ When Zimbabwe introduced an Enhanced Structural Adjustment Programme (ESAP) in 1990, it had one of sub-Saharan Africa's best developed public health systems and had almost reached its goal of secondary education for all.
- ▶ Today, government cuts have led to higher infant mortality, a doubling in the number of women dying in childbirth, and falling primary and secondary school enrolment.
- ▶ Abolition of controls over prices and wages and the removal of trade barriers which protected local industries have increased prices for basic food stuffs (eg milk, maize meal) and increased unemployment to more than 50%. Higher malnutrition and inequality have been the result.
- ▶ Despite the bitter IMF medicine, inflation remains high, exports stagnate, real incomes have fallen by a third and investment has declined.

E S A P has meant that we can only eat two meals a day. We can no longer afford meat, because prices are too high. Everything costs more. I cannot afford to pay the school fees for my son and daughter since they started charging... We can't even go to the clinic when the children are sick because we can't afford the medicines.

Zimbabwean woman



Illustration: Sudhir Dar (India)

narco inc

- In some countries increased rural poverty resulting from falling commodity prices and cuts in government services encourages peasants to grow **illegal drugs** – coca, opium and marijuana.
- In 1992 the Peruvian government opened the country to food imports, including Brazilian maize, as part of a SAP. Local farmers were undercut and turned to coca which is easy to grow. Coca is now the most profitable export **cash crop** in Peru, accounting for 60% of the coca leaves processed into cocaine for the international market. It earns \$1bn and employs 15% of the active workforce.
- Narcotraffic – the production, transportation and selling of illegal drugs – is one of the world's largest industries. The United Nations Drug Control Programme guesstimates that annual turnover was worth \$400bn in 1996 – 8% of international trade!



Squatter community surviving by recycling waste, Baguio, Philippines

3 liberalisation

structural adjustment programmes (SAPs) on your shelf

- ▶ To increase export earnings many countries have diversified into new cash crops. The evidence is clearly seen on our supermarket shelves (eg baby corn from Thailand, cut-flowers from Kenya).
- ▶ However, it's a buyers' market. Competition for contracts is intense, and supermarkets' only loyalty is to their profit margin, so producers' incomes are unreliable. A worker picking a 150gm packet of Zimbabwean mangetout peas retailing for 99p, only earns 1p – the farmer takes 44p to cover other costs and profit, the UK agent pockets 23p and the supermarket 31p (1997).

Before being packed, the bananas are washed in chemically-treated water and weighed for packing in 12kg boxes. Each woman works the whole process. They get wet through every day from the chemically-treated spray which covers both bananas and packers... Pregnant women have miscarried...

Most of the employees were farmers before. Some were ejected from their homes to make way for the plantations, and they then became workers in the plantations.

Malnutrition is rampant among the children, and there are many skin diseases due to the chemical sprays.

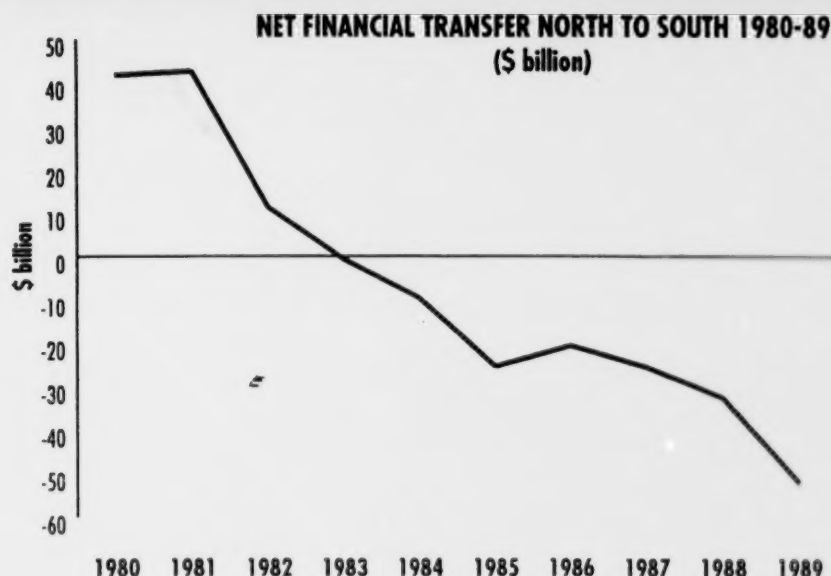
Maya, social worker, Mindanao, Philippines

mining the future

- ▶ The pressure of meeting debt interest repayments has resulted in the over-exploitation of natural resources. The best land is turned over to cash crops.
- ▶ Intensive agriculture requires expensive, imported hybrid seeds which are dependent on imported pesticides, fertilisers and herbicides. These pollute water supplies and can cause severe health problems. Soil erosion means agribusiness is not sustainable.
- ▶ Delicate ecosystems are destroyed to squeeze the maximum profit to satisfy foreign bankers. Countries cutting down tropical rain forests at the fastest rates are among the largest debtor countries. Your fashionable hardwood front door or toilet seat is a symptom of the 'Debt Crisis'.
- ▶ Many tropical countries are turning coastal mangrove forests and farmland into ponds to raise shrimps for export. This 'blue revolution' is reducing food security for locals.



Logging tropical hardwood, Mindanao, Philippines



In the old days, there were enough fish to support all of our villages. Today, there are fewer and fewer fish. There are giant ships from Japan which come to our shores and take too many fish. We can't survive if it goes on like this.

Fisherman, Philippines

I've always thought under-populated countries in Africa are vastly under-polluted. Shouldn't the World Bank be encouraging more migration of the dirty industries (to such countries)? I think the economic logic behind dumping toxic waste in the lowest-wage countries is impeccable.

Lawrence Summers, World Bank Chief Economist, in a leaked internal memo, 1992

sun, sea, sand and SAPs

- ▶ The World Bank (WB) and World Tourism Organisation see tourism as a major source of foreign exchange for indebted nations. In 1992 tourism generated \$55bn for the South.
- ▶ Although many countries are competing with each other to sell their culture and landscape, the benefits of longhaul tourism are overstated. The tourist industry is controlled by 13 Trans-National Corporations (TNCs) in the North. Most of the money spent on holidays stays in the North – with travel agents, airlines, insurance companies, hoteliers etc.
- ▶ Tourism development can also cause ecological damage, threatens local culture and deprives people of their traditional livelihoods.

Most of the hotels in the Sinkerim – Baga belt were constructed with our drinking water. The irresponsible and criminal pumping of water lowers the water table of the whole area. This causes the other drinking water wells to dry up, and irrigation wells in the fields have to be dug deeper each year. So while Hotel Ronil provides foreign charter tourists with the luxury of swimming in Saligao's drinking water, the people, cattle and fields of Donvaddo suffer from thirst and drought.

Saligao Citizens' Action Committee, Goa, India

For the tourist, tiger prawns are cheap. For us, what was once common place or even a necessity has now become a luxury that is quite out of our reach. The standard of living has gone down and the cost of living has gone up.

Caroline Colaso, Goa



Traditional livelihoods are threatened by luxury tourism developments in Goa, India

The foreigners all smoke *ganja* (marijuana) but my teenage sons don't copy them. Without the tourists we wouldn't get our daily bread. There's no money in farming and the young men can't find jobs.

Joe De Souza, mechanic who rents rooms to tourists

We are fighting because we badly need the coconut trees. If we don't have fields we face problems feeding ourselves. Once the hotel comes, we poor people will be treated like dirt. They will not employ us. They'll get people in from outside. We have great fears of drugs and AIDS. Our children will get ruined by it. This hotel is a great thing for politicians and businessmen. We actually just want what we already have... our own place. We are fighting for that through the courts. We will not leave the battle until we die.

Celso Fernandes, toddy tapper, Agonda

NICs

- ▶ From the late 1980s a second wave of East Asian countries is trying to achieve **Newly Industrialising Country** (NIC) status, adopting the 'trade liberalisation' development strategies promoted by the WB and International Monetary Fund (IMF).
- ▶ As production costs have risen in the 'Asian Tigers', so investment by TNCs has moved to India, Bangladesh, Thailand, Philippines, Indonesia, China, Malaysia and Vietnam.
- ▶ High levels of economic growth have been achieved, but at the expense of poor wages and working conditions and widespread environmental destruction. Many NICs have poor human rights records.
- ▶ Countries compete with each other to attract foreign investment and increase export earnings, to repay massive loans taken to develop the industrial infrastructure. They are reluctant to improve working conditions or environmental standards because they fear TNCs will transfer operations to lower-cost countries.
- ▶ However, few of these 'second generation' NICs have developed fully integrated industries which require a whole range of skills and technologies. For example, TNCs use Malaysia to assemble and re-export imported parts (eg electronics). But local firms are not building the domestic research or technological capacity which enabled Taiwan and S Korea to compete with the US or Japan, and create long-term prosperity.



Workers at a Indonesian factory producing trainers for Nike; photo: Clean Clothes Campaign

My friend Lilis lost a hand when it got caught in a presser machine. Sri had four fingers chopped off her right hand, also in a press. When Lily lost one finger she was fired without compensation.

Ida, sports shoe factory worker, Indonesia

trade & aid

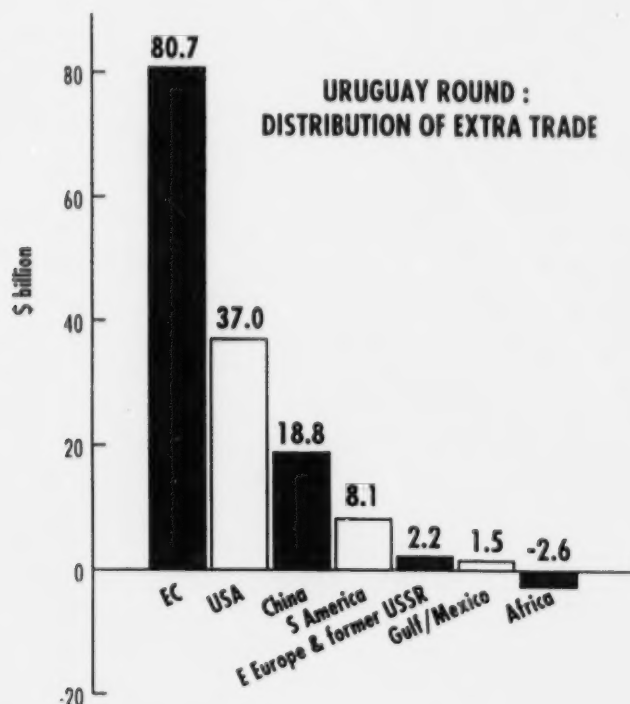
- ▶ In 1994 the South owed \$1,900bn. It paid \$169bn annually to service this debt while receiving \$57bn in aid. Increasingly aid is being diverted to pay off debts. For every \$3 of WB loans, \$2 goes straight back to repay debts.
- ▶ Most of the remainder is 'tied' aid (ie spent in donor countries), and used to further commercial and strategic self interest. Over 70% of Britain's \$2.9bn annual aid budget (1996) is spent on British 'expertise' and equipment, grants for foreign students etc.
- ▶ Half US aid is given to Israel and Egypt in return for their support of US foreign policy.
- ▶ In 1991 the World Development Movement (WDM) took the British government to the High Court for using development funds for the Pergau dam in Malaysia as a 'sweetener' for a large arms deal. In 1994 judges found this unlawful and payments were stopped.



4 globalisation

uruguay round

- ▶ In April 1994, trade ministers from 117 governments met in Marrakech, Morocco, to sign the *Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations*. This was the culmination of over seven years negotiations under the **General Agreement on Tariffs and Trade (GATT)**, and extends strict and legally binding trade rules to almost every area of international commerce.
- ▶ The North succeeded in getting **Trade-Related Investment Measures (TRIMs)** and **Trade-Related Intellectual Property Rights (TRIPS)** agreed despite initial opposition from the South. However, important issues for the South (eg regulation of commodity prices) were excluded from the negotiations.
- ▶ The 'Final Act' dictates how governments frame and implement their domestic laws relating to trade. It opens up their markets in agricultural products, air and sea transport, telecommunications and financial services, and also protects the TRIPs (ie patents) of Northern **Trans-National Corporations (TNCs)**.
- ▶ **Trade liberalisation** results in the loss of decision-making powers by governments, particularly in the South, because TNCs are free to penetrate every part of the economy. Inequality underpins the new global economy which rewards those with power.
- ▶ The Uruguay Round is estimated to increase world trade by an extra \$146bn by 2002. However, the gains will not be shared equally. The North is estimated to earn an extra \$100bn compared with \$46bn for the South. Sub-Saharan Africa will lose \$2.6bn.



world trade organisation

- ▶ The WTO, based in Geneva, Switzerland, replaced GATT in January 1995. It is responsible for implementing the provisions of the Uruguay Round and settles disputes through panels of 'experts' and lawyers. It can use the threat of trade sanctions to pressurise governments to enforce its rulings.
- ▶ There is an international campaign to include social and environmental clauses within the regulations of the WTO. These would make trade and access to markets conditional on exporting countries guaranteeing workers' rights and environmental standards.

When Nigeria tried to become self-sufficient in food by increasing domestic production, and reducing imports from the grain giant Cargill, the US retaliated with threats to block Nigeria's textile trade and to use the counter-retaliation clause of GATT.

Vandana Shiva, India

intellectual piracy & the *neem* tree

- ▶ For thousands of years Indian farmers and doctors have used the *neem* tree as a medicine, contraceptive, cosmetic, pesticide, fertiliser, fuel and animal feed. Access to these products of the 'blessed tree' has been free or cheap because trees were plentiful, and processing used local technology.
- ▶ In the last 70 years Indian researchers have investigated these properties and produced *neem*-based commercial products. But they do not have proprietary rights over their work because, under Indian law, medicinal and agricultural products are not patentable.
- ▶ However, US TNC, WR Grace, has pirated this indigenous knowledge and scientific research, and patented *neem*-based extracts. They have set up factories in India to process the seeds for export.
- ▶ This has increased prices beyond the means of local users. *Neem* has been turned from a communal resource to a commodity traded for the benefit of TNCs and their customers.
- ▶ Under the new WTO this type of exploitation will become commonplace. TRIPs will force governments to abandon their own laws, which protect domestic innovation, and adopt the stringent patent laws of the North where the maximisation of profit is the cornerstone of culture.
- ▶ In India a large popular movement has emerged to challenge the WTO – 10m farmers in the State of Karnataka have organised to prevent Cargill, the US agribusiness giant, from taking over the seed and fertiliser market.

The investment made by WR Grace, Larson or any other patent holder is nothing compared to the investments made by our culture in generating knowledge about the properties of the *neem*, knowledge which has been available to the poorest and most marginal individual in our society...

The campaign against the patenting of the *neem* represents the Third World's demand for protection against the North's piracy of Third World indigenous 'intellectual property'.

Vandana Shiva, India



15 years ago there were 30,000 varieties of rice grown in India, soon this will be reduced to 15 varieties as TNCs take over the seed market

Illustration: Birsatun Porto (Brazil)



what's good for the goose...

- Although the North preaches 'free' trade it violates these principles when it suits, and has the power to get away with bending the rules.
- Under **deregulation**, governments are forced to remove subsidies which guarantee prices to small farmers and protect them from cheap imports of US maize or EU wheat.
- Yet American farmers receive subsidies averaging \$29,000 a year, and the EU subsidises its farmers, through the Common Agricultural Policy, to the tune of \$20bn a year.
- In Mexico, an estimated 2.4m peasant farmers and their families will be forced off the land because, without access to credit and technical assistance, they cannot compete. They will join the exodus of rural unemployed, in search of work in the cities.

They say free trade is good for our country. They say it will bring new opportunities and more wealth. But where is the opportunity? We cannot compete with this American maize. How can they produce it so cheap? What are we to do? This free trade will be the end of us. Our only opportunity is to leave our land and move to the city.

Smallholder maize farmer, Mexico

with the click of a mouse

- The Uruguay Round completed the process of financial globalisation.
- Managers of pension funds, banks and investment houses seek short-term gains by speculating in shifting markets in currency, stocks and commodities. They make profits from small differences in prices around the world. Armed only with a PC an investment manager can make deals involving billions across the globe.
- In this fluid situation businesses actually involved in producing things are forced to structure their operations to make high, short-term returns so their stocks are attractive in the global stock market.
- So TNCs cut costs by moving production to countries with poor wages and conditions and low environmental standards. This causes increased unemployment in the North.
- Governments in both South and North are forced to adopt economic policies which appease speculators, or risk destabilisation of their currency.

the global office

- Doctors in the US can now dictate patients' notes into a tape-recorder and have the recording e-mailed to Bangalore, centre of India's hi-tech industries, where well-educated clerks transcribe the details onto a database. The updated records are then e-mailed back in time for morning surgery!
- The result: in India, employment for university graduates; in the US, cost-cuts for doctors, but unemployment for secretaries. Advances in telecommunications have created a global market place for service industries. TNCs have already relocated manufacturing industries to the South. The pattern is now being repeated for services.

5 time for change

enough's enough!

- ▶ Critical voices have grown as **Structural Adjustment Programmes (SAPs)** and **globalisation** make the rich richer and the poor poorer. In the both South and North people have taken to the streets to protest against the actions of **Trans-National Corporations (TNCs)**, unemployment and price increases.
- ▶ Non-Governmental Organisations (NGOs) are raising awareness about the impact of SAPs and the inequality of the present world trading system.
- ▶ There are many campaigns to put pressure on the **World Trade Organisation (WTO)**, **International Monetary Fund (IMF)**, **World Bank (WB)** and governments to change their policies. Demands include:
 - stop placing debt collection above the **basic needs** of the poor
 - ensure **social and environmental sustainability** of SAP provisions
 - **reform the IMF and WB**, democratise their decision-making processes to include NGOs, trade unions etc
 - use gold reserves to **write off substantial amounts of debt**
 - **improve terms of trade** for the South – higher and more stable prices for commodities
 - introduce social and environmental clauses into WTO regulations, making TNCs adopt and enforce **guarantees for workers' rights** and **environmental protection**
 - set up WTO committee to assess **impact of trade agreements on women**
 - **introduce 'Tobin' tax** on currency markets to discourage speculation
 - measures to make TNCs **more accountable**
 - direct aid to **improve lives of poorest** sections of the community.

People are not developed, they develop themselves.

Julius Nyerere, ex-President of Tanzania

fair's fair

- ▶ **Fair Trade** ensures that producers in the South receive a better deal. Fair Trade organisations buy from community groups or co-operatives which provide a living wage for workers, implement health and safety standards, do not use child labour, and observe good environmental practice.
- ▶ Although Fair Trade crafts and food (eg tea, sugar, chocolate) account for a small part of the market, they help to inform consumers so they use their purchasing power to pressurise supermarkets and High Street stores to adopt Fair Trade policies.
- ▶ Following the Clothes Code Campaign, C&A, Next and the Sears Group are talking with Oxfam about independent monitoring of their Codes of Conduct on workers rights and environmental standards for their suppliers in the South.

There are two reasons why you should buy Cafédirect. The coffee is of a very high standard. The second point is that the price we are paid is guaranteed to go directly into the hands of the producers. Money is used to improve the nutrition of children, to send them to school, to improve conditions in their community and in general to dignify their lives.

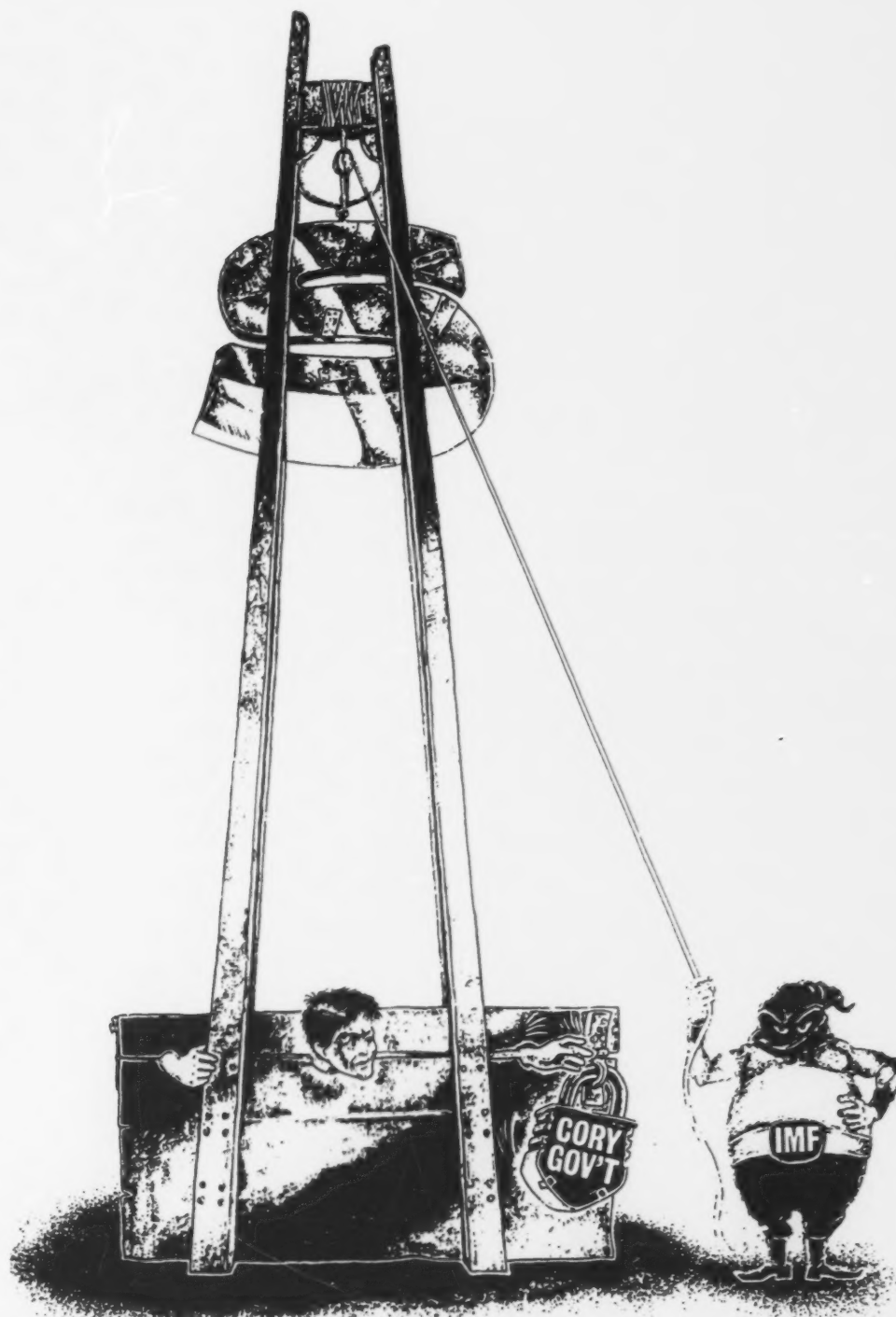
José Juarez Varela, Cafédirect supplier, Mexico

make a difference

- ▶ You can help to change the system of world trade, which increases inequality and destroys the environment, by joining one of the many campaigns demanding change to the structures which perpetuate poverty (eg World Development Movement, Oxfam, Baby Milk Campaign).
- ▶ Buy Fair Trade – ask your supermarket to stock foods with the Fair Trade Mark and ask about their policy towards the environment and workers' rights.

- ▶ Introduce Fair Trade tea and coffee to your school or workplace.
- ▶ Buy Fair Trade crafts through Traidcraft or Oxfam Trading Co.
- ▶ Change you bank or pension to institutions which have a commitment to ethical standards. Explain to your old bank why you have changed.
- ▶ Lobby your MP or MEP and tell them of your concerns about how our aid budget is supporting the destructive policies of the WB and IMF.

illustration: Freedom From Debt Coalition, Philippines



Sources: Guy Arnold *The Third World Handbook* Cassell 1989; Roberto Bissio ed *The World Guide* 1997-98 New Internationalist 1997; Susan George *A Fate Worse Than Debt* Penguin 1989; Kevin Watkins *The Oxfam Poverty Report* Oxfam 1995

uneven playing fields 45min

aims

- To illustrate how the structures of the world trading system affect countries wanting to 'develop'.
- To reinforce learning points from previous activities in a fun way.

what you need

This activity requires a well motivated group which is familiar with the workings of the world trade system – the previous activity, *The road to Marrakech*, is ideal preparation; photocopies of the board, mounted onto card, one per group; photocopied sets of the chance cards, one set per group; one dice per group; one counter per person.

what you do

- ◀ Explain that the game simulates a country in the South trying to develop its economy. It needs to balance the sometimes conflicting needs of earning foreign exchange to pay off debts and buy imported goods, as well as satisfying the basic needs of all its people (eg housing, health, education).
- ◀ It runs like *Snakes & Ladders*, but with Chance Cards which can help or hinder progress. Players should read out aloud the scenarios on their Chance Cards and when they land on Snakes or Ladders. Emphasise that the game is a way of digesting information – it is the process of discussing the ups and downs of the trade system that is important, rather than finishing first!
- ◀ Some Chance Cards ask participants to discuss whether the scenario enhances or hinders development for the majority of the population – the group has to arrive at a consensus whether that person should move forward or back. The facilitator can prompt discussion by presenting different perspectives (eg poor farmers, women).
- ◀ The scenarios are based on real examples. Make a note of any they do not understand.

whole group discussion

- ◀ Try to bring out that 'development' is not a neutral process. There are winners/losers and costs/benefits. The real value of the activity lies in this discussion.
- Did anyone manage to finish? Did you find it frustrating?
- What were the main Ladders/Snakes?
- Which Chance Cards helped/hindered development?
- Was it difficult to agree whether some development scenarios were beneficial? Why?
- Were there any scenarios which were not understood? Ask group for explanation.
- Describe the problems of trying to achieve 'development-for-all' in the game?
- Does everyone benefit from 'development'? Give examples of winners/losers.
- Is it possible to balance the need of governments to address macro-economic issues such as debt, and ordinary people to meet their basic needs?
- Should the interests of groups who lose out (eg indigenous people, unemployed farmers) be sacrificed for the 'national good'?
- How can the interests of powerless and marginalised people be represented?

key ideas

- Governments have limited control over their economic policies and development of trade. They survive in a global market place where TNCs and institutions like the World Bank-IMF and World Trade Organisation wield great power.
- The global market is highly competitive and difficult to predict. Prices for commodities are unstable. TNCs move their investment wherever they can increase their profits. 'Progress' may be short lived.
- A natural disaster or war can disrupt an economy.

- Some developments bring short-term economic gains (eg employment, increase foreign exchange earnings), but may not be sustainable because of environmental destruction. Many costs are hidden and hit the poorest.
- The global economy offers great opportunities for some (eg large landowners, local capitalists), but represents a threat to many (eg loss of livelihood). Inequality is increasing, and many of the poor are in employment at sub-poverty wages.
- These issues must be addressed because the planet cannot sustain the damage which is being inflicted on the environment through over-consumption of finite resources and pollution. 80% of the world's resources are consumed by the richest 20% of its people
- Policies which reduce poverty and inequality, both within and between countries, would also reduce environmental destruction and safeguard all our futures.

Drought > crops fail > fall in rural income & widespread malnutrition.

MOVE BACK 5 SPACES

In 1992 Southern Africa experienced its worst drought in living memory. Food shortages and malnutrition were widespread.

Good rains > surplus stocks of maize stored for next year.

MOVE ON 5 SPACES

Unemployed farmers form guerilla army > occupy large areas of countryside, damage infrastructure.

MOVE BACK 7 SPACES

Uprising of indigenous peoples in Chiapas, Mexico, in 1994 - against land grabbing by landlords, neglect by government and rural poverty.

Hurricane destroys your main cash crop > fall in rural incomes & export earnings.

MOVE BACK 3 SPACES

Hurricanes regularly destroy crops in the Caribbean. In 1988 Hurricane Gilbert caused extensive damage to infrastructure in Jamaica.

Investment in education has created a skilled workforce > information technology is an expanding export industry.

MOVE ON 5 SPACES

Many computer companies in the North now contract out software programming to Indian companies because salaries are much lower.

Foreign investment in tourism development > hotel construction & improved facilities attract European charter companies > increased foreign exchange revenues.

HOW MUCH SHOULD YOU MOVE FORWARD OR BACK?

Many Caribbean Islands earn up to 80% of foreign exchange from tourism, which allows development of hospitals, schools and roads.



World shortage of your main export crop > increase in world prices > higher foreign exchange earnings.

MOVE ON 6 SPACES

In 1994 unseasonal frosts ruined Brazil's coffee harvest. Shortfall on the world market led to a doubling of prices, benefiting other producers.

Unicef and World Health Organisation fund nationwide programme of child immunisation.

MOVE ON 5 SPACES

In 1985 Burkina Faso immunised 2m children against killer diseases.

Aid agency gives grant to construct wells > clean water reduces infant mortality.

MOVE ON 9 SPACES

A combined sewage, literacy and health education project in the Orangi slums of Karachi, Pakistan, produced dramatic improvements in the community health.

Successful marketing promotion of your products in Europe > increased exports.

MOVE ON 5 SPACES

Fair Trade coffee now holds up to 5% of the market share of coffee, which is good news for all the farmers benefiting from sales.

Japanese Development Agency funds golf course construction for luxury tourism.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

All over SE Asia, Japan has funded golf course development because of shortage of land in Japan.

TNC controls 50% of market for agricultural inputs > increases prices for seeds and fertiliser.

MOVE BACK 7 SPACES

Indian farmers are protesting against Cargill Inc moving into the Indian market for seeds and fertiliser because it will lead to price rises.

Oil discovered > taxes on oil companies will provide foreign exchange to meet debt repayments & funds for development projects.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

Exxon, Shell & Elf plan to spend \$3.2bn on developing new oilfields in Chad, one of the world's poorest countries. Chad expects to receive \$6.4bn in royalties.

Aid agencies withdraw funding for development projects because of human rights abuses in your country.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In 1992 threats of withdrawal by the donor community forced President Moi to hold multi-party elections.

Civil war in neighbouring country > influx of thousands of refugees who put strain on your limited resources.

MOVE BACK 3 SPACES

Tanzania has welcomed hundreds of thousands of refugees from Burundi and Rwanda, despite being one of the world's poorest countries.

Japanese logging company builds sawmills and plywood factory > increased export earnings.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

Forests throughout SE Asia are disappearing. Local businessmen and politicians are making a fortune but indigenous peoples are losing their livelihood and bio-diversity is lost.

Deforestation by logging companies and landless peasants has resulted in widespread soil erosion.

MOVE BACK 5 SPACES

5.2m hectares of Brazilian rainforest are lost each year through logging. Government policy moves forest peoples to the poverty of urban shanty towns.

IMF give loan in return for agreement to end subsidies to farmers > local farmers cannot compete with cheap imports > increased rural unemployment.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In Mexico an estimated 2.4m farmers and their families will lose their livelihood because of cheap imports of maize. Many will end up in urban slums.

Rural poverty encourages poor farmers to grow illegal drugs > increased income used by community groups to improve local health and education services.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In parts of Bolivia coca producers pay an unofficial tax to unions which build schools and hospitals.

Government formulates new Mining Code to attract foreign investment > TNCs rush to exploit known mineral resources.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

One fifth of the Philippines is covered by claims by foreign mining companies.

TNC agrees to implement Code of Conduct on workers' rights > improved productivity and increased income.

MOVE ON 5 SPACES

Canadian TNC, Bata, has the highest wages of any shoe manufacturer in SE Asia, well above the poverty line and minimum wage. It also uses local materials and supplies the domestic market.

Technological advances create synthetic alternative to your main export commodities > low world prices.

MOVE BACK 3 SPACES

The world price of sugar is low because of increased production of grain-based sweeteners.



The dissolution of the Multifibre Agreement (MFA) enables you to export more garments.

MOVE ON 7 SPACES

MFA imposes limits on textiles exports from countries like India, Pakistan, Bangladesh and Sri Lanka. It is being phased out by the World Trade Organisation (WTO).

IMF SAP forces cuts in government spending > salaries frozen > emigration of many teachers, nurses and doctors to surrounding countries.

MOVE BACK 3 SPACES

There are more Malawian doctors practicing in Britain than in Malawi itself!

IMF SAP forces removal of subsidies on basic foods > price increases result in widespread riots > foreign investors express concern about political stability.

MOVE BACK 5 SPACES

The so-called 'IMF riots' in Venezuela in 1987, following government austerity measures, caused alarm throughout S America.

IMF SAP forces government to devalue local currency > prices of imported goods increase, including fertiliser and maize.

MOVE BACK 7 SPACES

Devaluation of Malawi's *kwacha* in 1994 led to a doubling of the price of fertiliser.

IMF SAP forces government to introduce school fees > fall in school enrolment especially among girls.

MOVE BACK 5 SPACES

Zimbabwe had one of the best education systems in sub-Saharan Africa until a SAP introduced school fees. Literacy rates are now falling.

IMF SAP forces government to introduce charges for hospital treatment > increase in number of women dying in childbirth.

MOVE BACK 7 SPACES

The imposition of SAPs in Zimbabwe has led to an increase in maternal mortality - 80 women die for every 100,000 live births.

Aid agency gives grant to allow community organisations to improve sustainable farming methods > reduced soil erosion, increased production.

MOVE ON 5 SPACES

Oxfam has successfully promoted the use of stone *diguettes* (walls) to prevent soil erosion in W African countries affected by drought.

Irrigation projects suffer from siltation resulting from soil erosion due to deforestation > lower yields for subsistence & export crops.

MOVE BACK 5 SPACES

Irrigation ditches in Pangasinan, Philippines, have been blocked because of tailings from open cast mining by TNCs in the Cordillera highlands.

Hydro-electric dams silt up > unreliable electricity supplies for industry & domestic consumption > refurbishment requires multi-billion dollar loan.

MOVE BACK 3 SPACES

Dar-es-Salaam, the financial centre of Tanzania, only has power at night.

Foreign aid loan improves communications links to coast > cuts transport costs for exports.

MOVE ON 5 SPACES

Improvement in the railway line through Mozambique cut transport costs for several southern African countries.

Heavy pollution in industrial areas > serious health problems for local people.

MOVE BACK 3 SPACES

Mexico has attracted many US TNCs to its border zone because of lower wages, but toxic waste has created severe health hazards, including chest infections, cancer and birth defects.

An area of your country is declared a global biome reserve > new funds to conserve the area.

MOVE ON 3 SPACES

Large areas of virgin forest in Cameroon have been protected in return for cancelling debts.

Credit scheme enables poor people to set up small businesses or make improvements in farming methods > improved living standards.

MOVE ON 9 SPACES

The Grameen Bank in Bangladesh provides loans to 500,000 members, of whom 80% are women.

Coalition of local environmentalists and community groups organise successful campaign against TNC building chemical works.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

For 15 years groups in Goa have resisted plans by US chemical giant du Pont to build a nylon factory.

Indigenous people develop armed movement to resist large dam project > World Bank withdraws funds > power shortages continue.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In 1980s indigenous people in northern Philippines prevented a huge hydro project on the Chico river because it would destroy their livelihood.

A large proportion of your debt is written off in return for support of US foreign policy in United Nations.

MOVE ON 5 SPACES

In 1992 the US cancelled \$14bn of Egypt's debt for supporting its military strategy in the Gulf War.

Government builds Export Processing Zone > increased employment & foreign exchange earnings.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

EPZs (with subsidised electricity and water, non-unionised labour and tax concessions for foreign investors) have been a key factor on the success of the Asian Tigers, and many other nations are following their example.

TNC sets up small-holder scheme for growing new cash crops for export > increased foreign exchange earnings.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In the Philippines, the US TNC Dole encourages small farmers to convert from maize to cash crops - they provide the market and credit for fertiliser and seeds.

Agro-chemicals from intensive farming are polluting coastal waters and killing off the coral where fish breed.

MOVE BACK 3 SPACES

Run-off from plantations in coastal areas of Mindanao, Philippines, is reducing fish catches, leading to falling incomes.

War in neighbouring country > fall in tourist arrivals & foreign exchange earnings.

MOVE BACK 5 SPACES

The Gulf War affected tourism receipts all over the Middle East and Indian sub-continent.

Your government votes against US foreign policy in the United Nations > aid cancelled.

MOVE BACK 5 SPACES

In 1992 the US cancelled \$70m of aid when Yemen voted against its military strategy in the Gulf War.

International campaign against use of child labour in production of your major export > child labour made illegal.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In Nepal the number of street children increased when the government suddenly banned child labour in its carpet industry.

You achieve full primary education.

MOVE ON 5 SPACES

In the 1980s Zimbabwe achieved full primary education and had one of the highest wages for teachers in southern Africa.

Donor country undertakes to increase aid contributions and target most marginalised communities.

MOVE ON 4 SPACES

The United Nations suggests that rich countries give 0.7% of their GNP to development aid. In fact, most countries fall short of this target (Britain: 0.32% 1991).

More countries begin to grow the same cash crops which provide your main export earnings > overproduction causes fall in prices.

MOVE BACK 7 SPACES

The rush to make money from cut-flowers is forcing down the prices of carnations and other mass flowers.

Overseas Development Minister from donor country visits > gives £100,000 to improve training of police force.

MOVE ON 1 SPACE

Britain gave grants to improve police training in Malawi, Haiti and S Africa.

Electronics TNC builds a TV factory in your country > increased domestic sales & export revenues.

MOVE ON 5 SPACES

Malaysia has achieved spectacular rates of economic growth through the highly skilled assembly of electronics goods.

TNCs set up shrimp farms and packing plants > increase foreign exchange earnings.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

Shrimps are Bangladesh's 3rd largest export after garments and jute.

Government encourages shrimp farming for export in fertile coastal area > peasant farmers lose livelihood and cannot find jobs.

MOVE BACK 4 SPACES

In Bangladesh shrimp producers deliberately flood farm land with salt water. Smallholders are forced to sell land at low prices. The country is dependent on food aid.

International donor community changes policy on aid > reduced expenditure in your region.

MOVE BACK 3 SPACES

In the early 1990s the collapse of communism in Eastern Europe resulted in a diversion of resources from the South.

Researchers discover export of wild frogs leads to lower rice harvests > government halts exports.

MOVE ON 3 SPACES

Bangladesh government banned exports of frogs legs when it discovered it was spending \$30m more a year on pesticides to kill insects which increased because of fewer frogs. Exports were worth a mere \$10m.

Widespread demonstrations for free trades unions and better wages & working conditions > government gives way.

HOW FAR SHOULD YOU MOVE FORWARD OR BACK?

In 1986 a mass people's movement led by Cory Aquino overthrew the corrupt regime of Ferdinand Marcos.

trade sculpture 40mins

aims

- To reinforce the understanding of the power relations in the world trading system.
- To think of ways of promoting change.

what you need

Participants should have done one of the activities which illustrate inequality in the trading system (eg *Cut flowers*, p9, *Nike strike*, p28, *Goan sands*, p41, *The road to Marrakech*, p47); plenty of floor space; a relaxed and friendly group atmosphere is important.

what you do

- ◀ Brainstorm the key issues about the world trade system raised in previous activities.
- ◀ Divide participants into small groups. Groups will prepare a sculpture for presentation to whole group.
- ◀ Introduce the sculpture's theme, **Power in the world trade system**, and explain how sculpting works – see below. Ask a volunteer to be the first sculptor. It needs one courageous person to start the ball rolling! Stress that the sculpture is created by everyone and each person sculpts one idea only.
- ◀ The first volunteer uses as many people as necessary to make a human sculpture illustrating one idea s/he has about the theme. Then s/he explains the sculpture.
- ◀ Write up the main ideas raised. Continue doing this as new elements are added. Ask everyone what they think about the sculpture. Does anyone want to add another idea? Someone in the sculpture can ask for a replacement, step out and become a sculptor. The new sculptor builds on to the existing sculpture, by adding new people, using props like tables and chairs.
- ◀ Continue with new sculptors until everyone is happy.
- ◀ Presentations to whole group. Take a photo to make a record.

whole group discussion

- ◀ Recap the main points made, and use them as a basis for discussion.
- How can the system be changed? Make a list.
- What role do we personally have in promoting change?

follow-up

- The next activity, *Make a difference*, p75, enables participants to think more about what they can do to promote change.



Illustration: Mohamed el Labbad (Egypt)

make a difference 60min

aims

- To reinforce understanding of power relations in the world trading system.
- To design materials to promote change.

what you need

The previous activity, *Trade sculpture*, is useful preparation; photocopies of Actionpage: *Just do it*, p78; guidelines for designing a poster/leaflet written on flip chart (see below).

what you do

- ◀ Brainstorm: **What needs to be changed in the world trading system?** Make a list.
- ◀ Go through the list and brainstorm how each issue can be addressed, and who should be taking action.
- ◀ Divide participants into small groups.
- ◀ Explain that many organisations in the North are campaigning for changes in the world trading system. These include promoting Fair Trade products, encouraging retailers to adopt and enforce Codes of Conduct for suppliers to ensure workers' rights and environmental safeguards, and putting pressure on governments to cancel substantial amounts of debt and reform of the World Bank and IMF.
- ◀ Groups design a poster or leaflet to communicate a trade issue of their choice.
Guidelines to help effective communication:
 - Think about the case studies you have looked at and identify the points you want to communicate.
 - Decide who are your target group. What are their interests? What do they know about trade? Decide on a strategy to grab their attention and make them take your message seriously (eg shock, humour, facts, feel good factor).
 - Write headlines, text and captions that make your points clearly. Include facts and figures if necessary.
 - Think what photos (make a sketch), cartoons or graphics will reinforce your message without reinforcing negative stereotypes of the South (eg starving children).
 - Think about how the overall layout (ie photos, text, fonts, type size, colour, alignment) can enhance the appearance of your poster/leaflet.
- ◀ Display finished posters for everyone to look at.

whole group discussion

- How have you used words and images to make an impact and catch people's interest?
- How did you avoid using stereotypes?
- How effective would the campaign be to encourage people to act or change their behaviour?
- What stops people from changing their consumption or doing their bit to end injustice?
- Has anyone been involved in a campaign? What were your experiences?

key ideas

- It is difficult to encourage people to change their behaviour and be more responsible, especially if it means spending more money.
- It is hard to produce material which makes an impact, informs and persuades without resorting to advertising clichés and stereotypes.
- Campaigns do make a difference. In 1991 the World Development Movement took the British government to the High Court for using development funds for the Pergau dam in Malaysia as a 'sweetener' for a large arms deal. In 1994 the judges found that this was unlawful and payments were stopped.

follow-up

- Hand out Actionpage: *Just do it*, which has suggestions for things to do to help change the world trade system and promote development for all.
- Hand out Actionpage: *For what it's worth*, p26 on ethical audits and Fair Trade.
- Compose and perform a rap which communicates the issues.
- Produce a short promotional video on Fair Trade or write an article for local paper, school magazine etc.
- The following activity, *Hearts & minds*, p80, gives participants an opportunity to evaluate materials produced by different campaign groups and retailers.

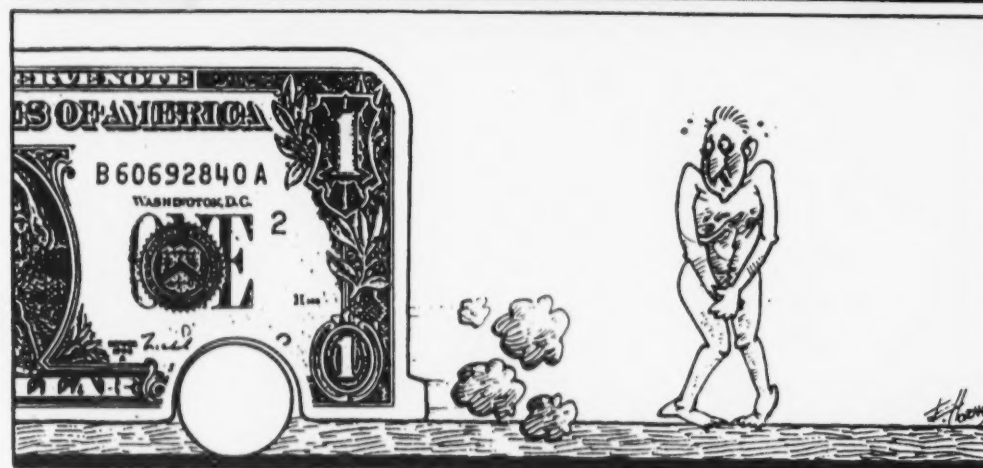


illustration: Eduardo Homes (Uruguay)

change your personal consumption

Today's average 17 year old will spend £1 million in their lifetime – mortgage repayments, pension contributions, holidays, cars, £90,000 in supermarkets... ! Many people want a slice of this action. By changing our patterns of consumption we can help to change the unsustainable system of world trade which increases inequality, destroys the environment and threatens all our futures.

buy fair trade

Fair Trade ensures that producers in the South receive a better deal. Fair Trade organisations have concentrated on foods and hand-made crafts because they are exempt from high import tariffs. They buy mainly from community groups or co-operatives which provide a living wage for workers and observe health and safety standards. They also give a commitment to long-term trade and observe good environmental practice.

The Fair Trade Foundation has introduced a Fair Trade Mark for foods which meet its range of ethical standards. So far the Mark has been given to only a few items (eg Clipper Teas, Cafédirect, Maya Gold chocolate).

Out of this World is a new initiative in ethical shopping, with over 4000 products that support ethical and environmental issues and suppliers. There are shops in Bristol, Newcastle and Nottingham, with more planned for 1997, and a mail order service.

- ▶ Encourage your local supermarket to stock Fair Trade goods by asking your family and friends to ask for and buy Fair Trade brands.
- ▶ Tell your friends and family about Fair Trade and introduce Fair Trade coffees and teas to your school, youth club or workplace.
- ▶ Support companies who are making positive changes such as High Street shops with ethical policies (eg B&Q DIY store, The Body Shop).
- ▶ Buy Fair Trade crafts. A range of mail-order crafts, which make unusual and beautiful gifts, can be bought from Traidcraft and Oxfam Trading Co. Traidcraft and Bishopston Trading Centre also sell clothing made from Fair Trade textiles.

change your finances

Banks, building societies, pension funds and other financial service providers may invest in companies regardless of their record on workers rights, the arms trade or the environment. Your money may be supporting oppressive regimes or depriving indigenous peoples of their land. High Street banks are making millions from Third World debt.

- ▶ The Triodos Bank is a small operation offering postal banking which only lends to projects with a positive social or environmental aim (eg social housing, solar energy).
- ▶ The Co-operative Bank and National Provident Institution pension fund both have ethical investment policies. If you decide to change your bank and credit card, write to your old bank explaining why you have left.

get informed

Other organisations can provide up-to-date information about Fair Trade and ethical trade issues, products and campaigns. Interesting websites include:

- ▶ **Fairtrade Foundation:** <http://www.gn.apc.org/fairtrade>
Promote the Fairtrade label.
- ▶ **Green Net:** <http://www.gn.apc.org>
Access to information on organisations in Britain working on global justice issues.
- ▶ **McSpotlight:** <http://www.mcspotlight.org>
Information about the McLibel case which put McDonalds under the microscope.

- **Multinational Monitor:** <http://www.essential.org/monitor/monitor.html>
Information about Trans-National Corporations.
- **New Internationalist:** <http://www.oneworld.org/ni>
Back issues of this excellent magazine online.
- **One World Online:** <http://www.oneworld.org>
Access to information on organisations in Britain working on global justice issues.

write

- Ask High Street shops for details of how they check their suppliers' practice on workers' rights, health and safety, child labour and the environment.
- Lobby people with political influence – your local MP or MEP, Minister for International Development, Minister for Trade. Find their name by phoning the House of Commons on 0171 219 4272. Then write to them at: House of Commons, London SW1A 0AA. Tell them about your concern about the impact of SAPs on people in the South.
- Write to the heads of the IMF, World Bank and World Trade Organisation, expressing your concern about the impact of their policies on the environment and people in the South.
 - Managing Director, IMF, 700 19th Street NW, Washington DC 20433, USA.
 - President, World Bank, 1818 H Street NW, Washington DC 20433, USA.
 - Director-General, World Trade Organisation, Centre William Rappard, Rue de Lausanne 154, CH-1211 Geneva 21, Switzerland.

join a campaign

Most of the TNCs and organisations which control the world's aid, trade and financial systems are based in the North. Our taxes, savings and spending helps to keep the whole system going. We can use this consumer power to bring about change by joining one of the many national and international networks campaigning for new attitudes towards economic development, and a reform of the structures which create poverty and inequality.

- **Anti-Slavery International**
The Stableyard, Broomgrove Road, London SW9 9TL
Tel 0171 924 9555
Campaigns for the abolition of contemporary forms of slavery including child labour.
- **Baby Milk Action**
23 St Andrew's Street, Cambridge CB2 3AX
Tel 01223 464 420
<http://www.gn.apc.org/babymilk>
Promotes good infant nutrition and an end to commercial promotion of bottle feeding. Coordinates Nestlé boycott.
- **Christian Aid**
PO Box 100, London SE1 7RT
Tel 0171 620 4444
http://www.oneworld.org/christian_aid
Campaigns for Fair Trade and other development issues.
- **Labour Behind the Label**
c/o NEAD, 38-40 Exchange Street, Norwich NR2 1AX
Tel 01603 610 993
<http://www.xs4all.nl/~ccc>
Coordinate campaign for workers' rights in clothes and sports shoe industries.
- **Oxfam**
247 Banbury Road, Oxford OX2 7DZ
Tel 01865 311311
<http://www.oneworld.org/oxfam>
Campaigns for Fair Trade as well as funding development projects.

Illustration: Ait Kaci Rachid (Algeria/France)



- **Survival International**
11-15 Emerald Street, London WC1N 3QI
Tel 0171 242 1441
<http://www.survival.org.uk>
Campaigning for the rights of indigenous peoples, including the impact of tourism.

- **World Development Movement**
25 Beehive Place, London SW9 7QR
Tel 0171 737 6215
<http://www.oneworld.org/wdm>
Campaigns for political changes which directly benefit the poor.

tell others

- Informing others about Fair Trade will strengthen the many campaigns in Britain, Europe and North America, making the voices for change louder.
- Run activities from this pack in schools, colleges, youth clubs, workplace, church groups or at public events.
- Put up the *XChanging the World* exhibition. It consists of 26 A1 laminated panels which are light and easy to mount. The exhibition combines striking colour photos and graphics with a text which explores the themes developed in this pack. It is available for a small hire charge from:
Reading International Solidarity Centre
35-39 London Street, Reading RG1 4PS
Tel 0118 958 6692.

hearts & minds 40mins

aims

- To evaluate the strategies, design and images used in materials produced by Fair Trade campaigners and retailers.
- To reinforce issues of trade raised in the pack.

what you need

Samples of posters and leaflets on trade produced by campaign groups and retailers included with this pack; collect other examples; Actionpage: *Hearts & minds*.

what you do

- ◀ Display campaign materials. Hand out Actionpage: *Hearts & minds*. Divide participants into small groups. Ask groups to choose a leaflet they think is especially effective.
- ◀ Explain that they will use the Actionpage to analyse the material, focusing on the main issues raised in the text and its design.

whole group discussion

- ◀ Choose two or three groups to show their material and explain the main points of their analysis. Bring out more general points.
- Which audiences are the materials aimed at?
- What strategies have the agencies used to gain your interest (eg humour, guilt, striking image)?
- How do text, images and design combine?
- How important is the information in persuading you to take action?
- Will material like this make a difference? Why/why not?
- What would be the most effective way of reaching a group like you?

key ideas

- It is difficult to persuade people to change their attitudes and behaviour especially if they benefit from the status quo (eg get cheap clothes or food). Appealing to peoples' sense of justice may not overcome self interest or apathy!
- You need to target audiences very carefully and start from their own concerns or interest. Changes will not come overnight. You must have a long-term view. Remember, over 1 million people in Britain are now vegetarian, and millions of people take the time to recycle their rubbish.



EVOLUTION OF MAN?

hearts & minds

Fill in this questionnaire to help you analyse the effectiveness of campaign material.
You may need to use another sheet.

- ▶ Name of organisation:
- ▶ Who is the audience (eg general public, people concerned about green issues)?
- ▶ What slogans or headlines are used?
- ▶ List key words in the text (eg Fair Trade, debt).
- ▶ List key facts.
- ▶ What images (graphics, photos etc) are used - who is shown, what are they doing, what is the impact on you?
- ▶ How has the designer used colour, images, layout of text to make an impact?
- ▶ What action does the material want you to take?
- ▶ How effective is the material in
 - Gaining your interest. Why?
 - Providing information. Why?
 - Encouraging you to take action. Why?

Xchanging words 45min

aim

- To evaluate understanding of trade issues raised in the pack in a fun way.

what you need

Photocopies of Actionpages: *XChanging words*, *Clues across* and *Clues down*, one each.

what you do

- ◀ Divide participants into small groups. Half the groups work on *Clues across*, the rest on *Clues down*.
- ◀ Explain that the Actionpage has a crossword on the theme of trade with the answers but no clues. They have to use their knowledge of trade issues to make up clues which will be suitable for their peer group.
- ◀ Go through clues, asking groups for their suggestions. Arrive at a consensus which clue is most effective. Write on a flip chart.

whole group discussion

- Was it difficult to think of clues? Why? Were there any answers that you couldn't do?
- Do you think you are now more familiar about the importance of trade in our lives?
- ◀ Brainstorm: **What are the main issues about trade that concern you?** Make a list.
- What are you going to do individually/as a group? Write down, opposite list of issues.
- What support do you need to meet these aims?

key ideas

- Trade is a key part of our everyday lives because we are dependent on products grown or made in other parts of the world.
- The world trading system is not fair. Many of the people who produce things for us cannot meet their basic needs of food, shelter, health, security and education. We benefit by paying prices which may not reflect the true social, economic or environmental cost of the product.
- We can make a difference and support poor communities in the South by changing our consumption patterns, buying Fair Trade items, putting pressure on retailers to use suppliers with a good record on workers' rights, trying to get our government and organisations like the World Bank to change their policies.
- Ethiopia spends four times as much on debt servicing as on health. Relieving the debt of the poorest 20 countries would cost \$5.5bn – the cost of building Euro-Disney!

follow-up

- Make a crossword using the clues devised by the group and the uncompleted crossword on page 86. Run a competition for the most correct answers, offering a Fair Trade product as a prize.

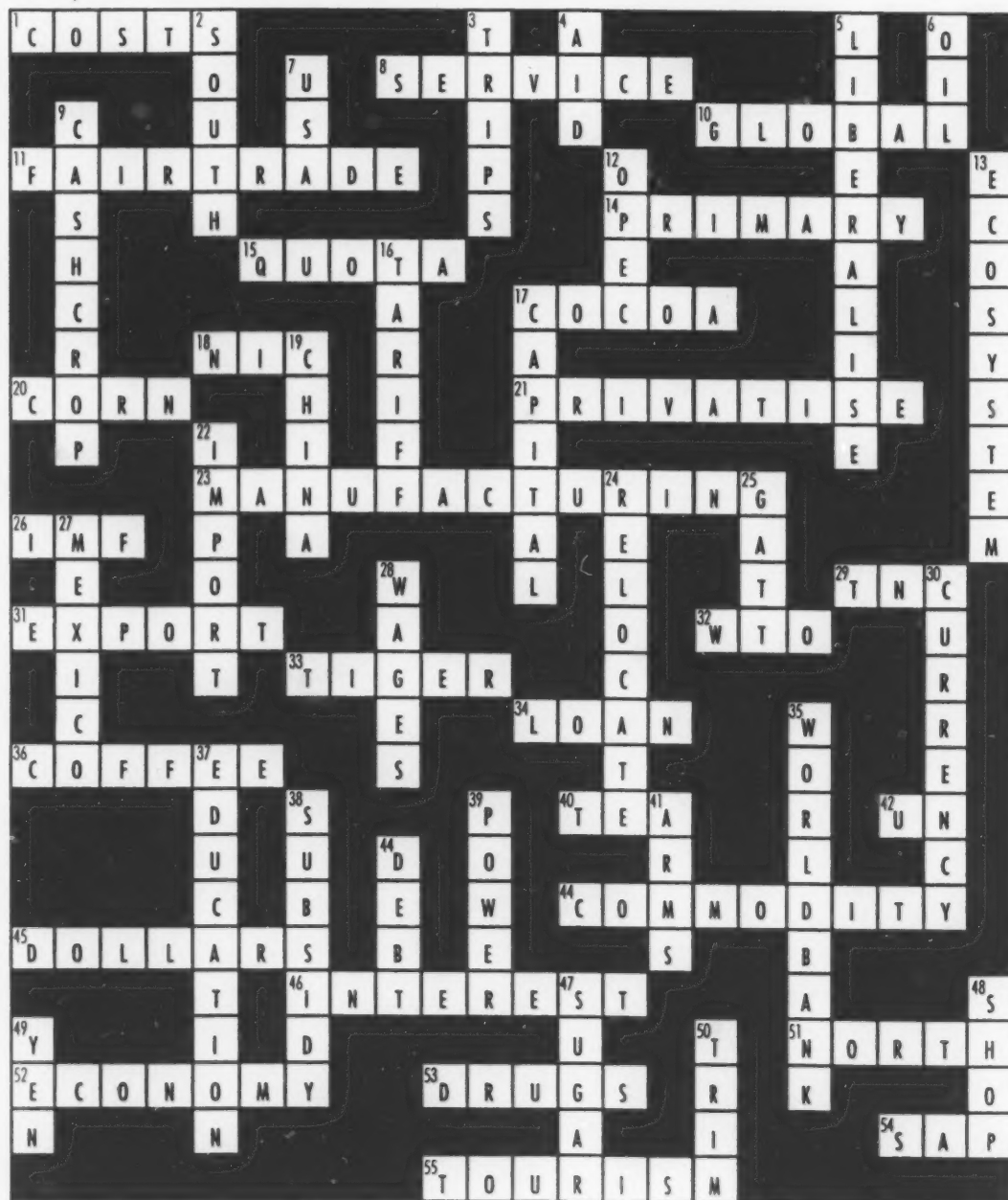


illustration: Mohiaddin el Lobbod (Egypt)

Xchanging words

This crossword about trade issues already has the answers provided. You have to devise clues to fit the answers. You may need to use another piece of paper.

▼ actionpage ▼



Clues across

▼ actionpage ▲

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Clues down

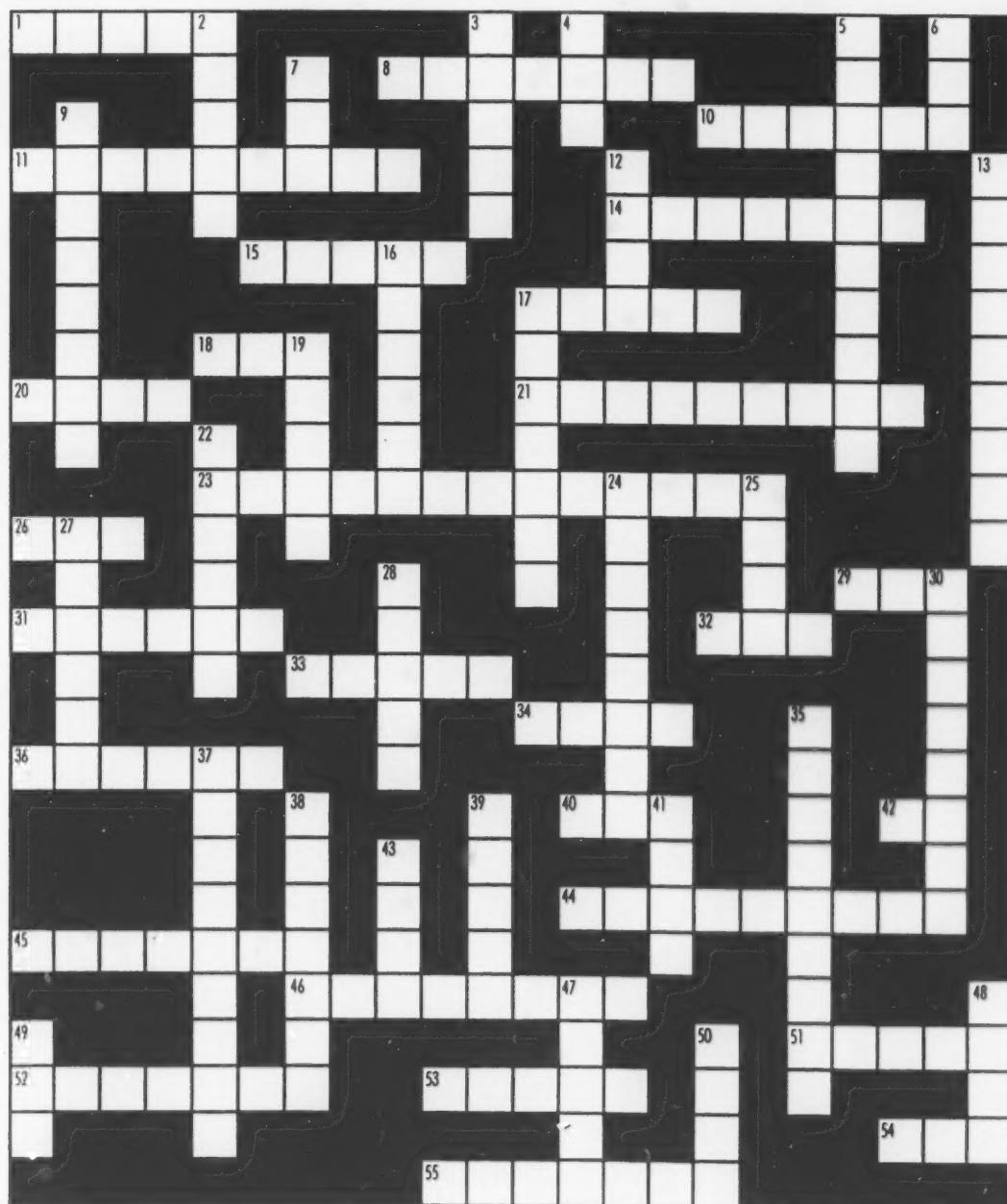
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▼ actionpage ▼

Xchanging words

▼
actionpage
▲

This crossword is about global trade issues. See how well informed you are.



resources

Most of these books and resources can be ordered from Reading International Solidarity Centre (see *Addresses*, p93).

background reading

general reference

- ▶ **Guinness Book of Answers** Guinness Publications Ltd 1995
Includes useful trade and production figures for *World in your classroom/kitchen*.
- ▶ **The Geographical Digest**
Annual fact-book covering demography, trade, production etc.
- ▶ **UK imports and exports** Central Statistical Office DTI 1995
Figures on trade.

development issues

- ▶ T Allen & A Thomas **Poverty and Development in the 1990s** OUP 1992 £9.95
General concepts of development. Academic but accessible, lots of visual information and case studies.
- ▶ Guy Arnold **The Third World Handbook** Cassell 1994 £20.00
Useful resource with clear explanations of development issues from the viewpoint of the South.
- ▶ Kevin Watkins **The Oxfam Poverty Report** Oxfam 1995 £9.95
Indispensable overview of the structures which create poverty and the changes which can be made to create a fairer world.
- ▶ Roberto Bissio, ed **The World Guide 1997-98** New Internationalist 1997 £24.95
Useful reference book on the countries of our planet written by authors in the South.
- ▶ UNDP **Human Development Report 1997** OUP 1997 £16.99
Comprehensive data reflecting well-being of the worlds' people. Clearly illustrates how globalisation is increasing poverty and inequality.
- ▶ Unicef **State of the World's Children** Unicef 1997 £10.00
Statistics and background articles on children, including child labour.

debt

- ▶ Susan George **The Debt Boomerang** Pluto Press 1992 £7.95
Essential read on how Third World debt causes deforestation, immigration, war and global unemployment.
- ▶ Susan George **A Fate Worse Than Debt** Penguin 1994 £7.99
Clear, blow-by-blow indictment of the world's financial institutions.
- ▶ John Madeley & Dee Sullivan **Who Runs the World?** Christian Aid 1995 £4.99
Accessible analysis of World Bank-IMF combined with action for consumers.

human rights

- ▶ Charles Humana **World Human Rights Guide** OUP 1992 £8.99
Uses 40 indicators of major UN treaties to assess human rights conditions in 104 countries.

environment

- ▶ Lester R Brown et al **The State of the World** Worldwatch Institute £8.95
Annual report on current issues around the world.
- ▶ David Pearce **Blueprint 4: Capturing Global Environmental Value** Earthscan 1996 £8.95
Examines the opportunities for using market forces for environmental ends through 'global bargains'.
- ▶ Michael Redclift **Wasted: Counting the Cost of Global Consumption** Earthscan 1996 £12.95
Looks at sustainable livelihoods as a routeway to global sustainability.

primary commodities

- ▶ Edward Barbier et al **The Economics of the Tropical Timber Trade** Earthscan 1994 £13.95
Useful for ecosystems topics at A Level.
- ▶ **After the Prawn Rush** Christian Aid
Human and environmental costs of prawn industry in Asia, available from Christian Aid on request.
- ▶ Martin Cottingham **A Sporting Chance** Christian Aid 1997 £4.50
Report on child labour used in sports goods sold on British High Streets.
- ▶ **Just Green Bananas?** Farmers' Link 1995 £1.99
Synopsis of banana trade.
- ▶ Niala J Maharaja **The Game of the Rose** International Books 1995 £10.99
An investigation into the global cut-flower trade.
- ▶ Kevin Watkins **Agricultural Trade and Food Security** Oxfam 1997 £8.95
Excellent analysis of how agribusiness is reducing food security.

manufacturing

- ▶ **World trade and Working Children** Anti-Slavery International 1995
Briefing notes on slavery and child labour, available on request.
- ▶ **The Globetrotting Sports-shoe** Christian Aid
Sports-shoe production in SE Asia, available on request.

tourism

- ▶ JC Holloway **The Business of Tourism** Pitman 1994 £17.99
Textbook for tourism courses, but a useful introduction to the tourism industry.

gatt & wto

- ▶ Sue Cunningham & Jeff Atkinson **Trade Offs** Community Aid Abroad 1994 £6.95
Very good briefing on details of how Uruguay Round will affect the poor. Includes discussion points.
- ▶ Peter Madden **Winners and Losers** Christian Aid 1993
Clear explanation of GATT and its impact on LDCs, available on request.
- ▶ Gillian Moon **Free Trade: what's in it for women** Community Aid Abroad 1995 £6.95
Excellent analysis of impact of Uruguay Round on women in the South.

trans-national corporations

- ▶ DC Stafford **Macmillan Directory of Multinationals** Macmillan 1989
Reference book listing international corporations.
- ▶ **The Times 1000** Times Books 1997 £40.00
Excellent reference book on TNCs.

illustration: Carlos Enrique Canneva (Uruguay)



fair trade

- ▶ Michael Barrett-Brown **Fair Trade** TWIN £10.95
In-depth investigation into global trade.
- ▶ Belinda Coote **The Trade Trap** Oxfam 1992 £8.95
Excellent overview of trade issues.
- ▶ **Change the Rules** Christian Aid 1997
Policy framework of the four-year 'Change the Rules' campaign.
- ▶ **The Global Supermarket** Christian Aid 1997
Report on the role of supermarkets in commodity trade, asking supermarkets to find out more about their suppliers.
- ▶ **The Ethical Consumer** ECRA 1993
A series of guides assessing ethical standards of goods.
- ▶ Colin Hines & Tim Lang **The New Protectionism** Earthscan 1993 £10.95
Suggests free trade should be stopped, and local-regional trade should be promoted to reduce environmental damage.
- ▶ John Madeley **Trade and the Poor: the impact of trade on developing countries** IT 1996 £12.50
Highly recommended explanation of trade, poverty and alternative trade.

teaching resources

books

- ▶ **Planning to teach about development issues** Birmingham DEC 1995 £5.00
Teacher's handbook for use in Africa, although some activities and strategies are useful here. Nescafé audit diagram.
- ▶ **Southern Perspectives on Development** Christian Aid £8.00 each, £30.00 set
Five books on development for Geography and History at KS 3 & 4.
- ▶ **Economics for Change/5 - Power & Decision Making: tobacco** Leeds DEC £3.00
One of a series of books tackling global economics, suitable for KS 4 and above.

videos

- ▶ **The Bent World of the Banana** Farmers Link £12.95
Central American banana industry.
- ▶ **A Matter of Interest** Christian Aid £9.99
Animation on Third World debt for KS 3 & 4, community groups etc.
- ▶ **Mind Your Own Business** Traidcraft Exchange 1995 £11.00
Video on Fair Trade presented by Simon Mayo.
- ▶ **Who Runs the World** Christian Aid £4.99
Animation on debt, trade & poverty for KS 3 & 4, community groups etc.

teaching packs

- ▶ **Arming the World** ODEC £5.00
Teaching pack on international arms trade.
- ▶ **Banana Shake** Christian Aid
Reveals environmental and social issues around Dominican bananas and the European Market. Available free on request.
- ▶ **Beyond the Backyard** Birmingham DEC £8.95
Photopack on global links of employment – Britain, Philippines, Gambia.
- ▶ **Break the Rules** NEAD £2.50
Youth work ideas on trade, with case examples from Asia.
- ▶ **cafédirect** Traidcraft £8.95
GNVQ Business Studies case study provides excellent information for project work.
- ▶ **Coffee Chain Game** Oxfam £3.25
Role play which asks participants to negotiate the share of profits from coffee sales.
- ▶ **Chocolate Game** Leeds DEC £3.95
Shows how Ghana and the Britain are linked by the chocolate trade.
- ▶ **The Global Money Making Machine** Birmingham DEC £5.00
Globalisation of the economy and the 'Four Tigers' in Asia.
- ▶ **Hanging by a Thread** Leeds DEC £5.95
Trade and debt issues arising from cotton growing in Tanzania.
- ▶ **Marketplace: International Trade Game** Traidcraft Exchange £5.50
Simulation game of agricultural production for export.
- ▶ **It's Not Fair: world development for youth groups** Cafod, Christian Aid, Sciaf
Includes *Trade game* – shape manufacturing and information about where the money goes in the banana industry.
- ▶ **Just Green Bananas** Farmers Link £1.99
Pack on Windward Islands banana trade.

- ▶ **Sacha Mama: Eco-tourism in the Amazonia Rainforest** ActionAid 1997 £13.00
Sustainable use of resources in Ecuador and how tourism can improve quality of life.
- ▶ **Trading Trainers Game** Cafod 1996 £2.50
Trade game based on sports shoes.
- ▶ **Whose Gold: geest and the banana trade** Latin America Bureau 1988 £2.75
14-16 book on banana trade in Latin America.

exhibition

The *XChanging the World* exhibition makes an ideal back drop for events raising trade issues. It consists of 26 A1 laminated panels which come in a travelling case. The panels are light and easy to mount. They come with velcro tabs for mounting on custom-made exhibition boards or eyelets for pin boards. The exhibition is aimed at a general audience, and combines striking colour photos and graphics with a text which explores the themes developed in this pack. It is available for a small hire charge from RISC (see p94).



illustration: Salam Khan (India)

addresses

- ▶ **Anti-Slavery International**
The Stableyard, Broomgrove Road, London SW9 9TL
Tel 0171 924 9555
Campaigns for the abolition of contemporary forms of slavery including child labour.
- ▶ **Baby Milk Action**
23 St Andrew's Street, Cambridge CB2 3AX
Tel 01223 464 420
Promotes good infant nutrition and an end to commercial promotion of bottle feeding.
Coordinates Nestlé boycott.
- ▶ **British Association of Fair Trade Shops (BAFTS)**
BAFTS, Gateway Crafts Ltd, Market Place, Durham DH1 1JP
Tel 0191 384 1180
Can tell you about your local Fair Trade outlets.
- ▶ **Christian Aid**
PO Box 100, London SE1 7RT
Tel 0171 620 4444
http://www.oneworld.org/christian_aid
Produce educational materials and campaign on Fair Trade.
- ▶ **Development Education Association (DEA)**
3rd Floor, 29-31 Cowper Street, London EC2A 4AP
0171 490 8108
<http://www.oneworld.org/dea>
Information about local Development Education Centres.
- ▶ **Ethical Consumer Magazine**
ECRA Publishing, FREEPOST (MR9429), Manchester M1 8DR
- ▶ **Ethical Investors Group**
<http://www.oneworld.org/ethical-investors>
Financial information on ethical investments, pensions and mortgages.
- ▶ **The Fairtrade Foundation**
7th Floor, Regent House, 89 Kingsway, London WC2 6RH
<http://www.gn.apc.org/fairtrade>
Promote Fairtrade label.
- ▶ **Labour Behind the Label**
c/o NEAD, 38-40 Exchange Street, Norwich NR2 1AX
Tel 01603 610 993
<http://www.xs4all.nl/~ccc>
Coordinate campaign for workers' rights in clothes and sports shoe industries.
- ▶ **Out of this World**
52 Elswick Road, Newcastle upon Tyne NE4 6JH
Tel 0191 272 1601
<http://www.organic-networks.com>
New initiative in ethical shopping, with over 4000 products that support ethical and environmental issues and suppliers.
- ▶ **Oxfam**
247 Banbury Road, Oxford OX2 7DZ
Tel 01865 311311
<http://www.oneworld.org/oxfam>
Produce teaching materials and campaign for Fair Trade. Oxfam Trading Co distributes Fair Trade crafts and food.



- ▶ **Reading International Solidarity Centre (RISC)**
35-39 London Street, Reading RG1 4PS
Tel 0118 958 6692/956 9800 Fax 0118 959 4357
email: risc@gn.apc.org
<http://www.gn.apc.org/risc>
Largest selection of teaching resources on global and development education in Britain.
Available through mail order.
- ▶ **Survival International**
11-15 Emerald Street, London WC1N 3QI
Tel 0171 242 1441
<http://www.survival.org.uk>
Campaigning for the rights of indigenous peoples, including the impact of tourism.
- ▶ **Tourism Concern**
Stapleton House, 277-281 Holloway Road, London N7 8HN
Tel 0171 743 3330
<http://www.oneworld.org/tourismconcern>
Promotes awareness of the impact of tourism on host communities and environments.
- ▶ **Traidcraft**
Kingsway, Gateshead, Tyne and Wear NE11 0NE
Tel 0191 491 0591
<http://www.globalnet.co.uk/~traidcraft>
Distribute Fair Trade food and crafts and produce educational materials.
- ▶ **Triodos Bank**
Brunel House, 11 The Promenade, Bristol BS8 3NN
Tel 0345 697239
Small bank which only lends to projects with a positive social or environmental aim
(eg social housing, alternative energy).
- ▶ **World Development Movement**
25 Beehive Place, London SW9 7QR
Tel 0171 737 6215
<http://www.oneworld.org/wdm>
Campaigns for political changes which directly benefit the poor.
- ▶ **Voluntary Service Overseas**
317 Putney Bridge Road
London SW15 2PN
Tel 0181 780 2266
<http://www.oneworld.org/vso>
Sends skilled and experienced volunteers to work with communities in the developing world and campaigns in Britain to change attitudes towards the South.

websites

- ▶ **American Council for Voluntary International Action:** <http://www.interaction.org>
Information about campaigns organised by US activists.
- ▶ **Central Intelligence Agency:** <http://www.odci.gov/cia/publications>
Economic and geographic data on every country in the world.
- ▶ **Global Learning Online:** <http://www.rmplc.co.uk/eduweb/sites/rmext05/glo/index.html>
If you are interested in finding out or teaching about global issues.
- ▶ **Green Net:** <http://www.gn.apc.org>
Access to information on organisations in Britain working on global justice issues.
- ▶ **International Confederation of Free Trade Unions:** <http://www.icftu.org>
Information about workers' struggles around the world.
- ▶ **International Labour Organisation:** <http://www.ilo.org/public/english/90ipec/index.htm>
Information on programmes to combat child labour.
- ▶ **International Monetary Fund:** <http://www.imf.org>
The world according to the IMF.
- ▶ **One World Online:** <http://www.oneworld.org>
Access to information on organisations in Britain working on global justice issues.
- ▶ **Trans-National Resource & Action Centre:** <http://www.corpwatch.org>
Information about TNCs.
- ▶ **UNDP:** <http://www.undp.org/undp/news/hdr97/index.htm>
Summary of United Nations Development Programme *Human Development Report*.
- ▶ **Unicef:** <http://www.unicef.org/sowc97>
Comprehensive data on major social indicators – on screen and downloadable.
- ▶ **World Bank:** <http://www.worldbank.org>
WB perspective on development.
- ▶ **World Trade Organisation:** <http://www.wto.org/wto>
WTO perspective on trade and useful statistics on international trade.

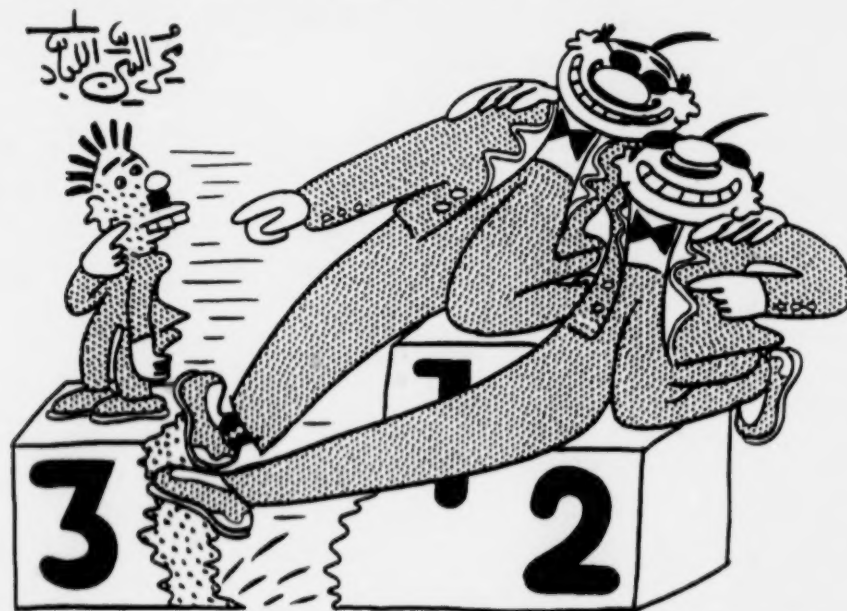


Illustration: Mohamed el Laboud (Egypt)